



Qualified Life Events

What are They?

Once an employee enrolls in their employer's benefits on a pretax basis through their Section 125 or Cafeteria plan, the IRS does not allow employees to make changes to their pretax elections until the plan year ends, unless a permitted event sometimes called a qualified life event.

When may an employee change their elections midyear?

- A midyear event recognized by the IRS occurs
- The employer's cafeteria plan recognizes the event and allows an election change for that event and
- The change requested is consistent with the event that occurred

Common events recognized in a cafeteria plan

- Change in employee's marital status – marriage, divorce
- Employee gains/loses a dependent – birth, adoption
- Change in employment status by employee, spouse or dependent – commencement, termination



- Open enrollment/change in coverage under another employer's plan
- HIPAA special enrollment events
- Employee's dependent ceasing to satisfy dependent eligibility requirements
- Significant changes in cost or benefits provided
- FMLA Leave
- COBRA qualifying events
- Judgment, decrees or court orders
- Medicare or Medicaid Entitlement
- Reduction in hours
- Exchange/Marketplace enrollment

Note: Not all plan documents will include these events, verify with the plan document.

Tips:

- Employers should have a written policy on the documentation required from an employee to administer a plan change.
- Midyear changes, other than enrolling a child due to birth/adoption must be done on a prospective basis. e.g. If an employee notifies an employer they were married on May 17th but does not submit proof of marriage until June 11th, the employee or their spouse/dependents have to be enrolled on June 11th or later. This rule applies even if the carrier is willing to make the change retroactively.