



PREMIUM ONLY PLAN (POP) Non-Discrimination Assessment Instructions

Cafeteria Plan regulations impose taxes and penalties for discriminatory POPs. To retain the TASC Audit Guarantee for your plan, an annual non-discrimination assessment must be performed. It is important for each employer to monitor their plan at all times during the plan year for possible discrimination issues and to make any corrections before the plan year ends.

Assessment Process

1. Review these instructions for step-by-step details on completing your **Non-Discrimination Data Worksheet**, included separately in your email.
2. The assessment should be completed as soon as possible to allow time to make corrections (if needed) before the plan year ends.
3. Complete the worksheet for your current plan year.
4. **Submit your completed worksheet to TASC within 30 days** via support request (sign into your account at www.tasconline.com and go to *Support > Contact Us*) or submit via:
 - Fax: 608-245-3623
 - Mail: 2302 International Lane, Madison, WI 53704-3140
5. Approximately 30 days after receipt of the worksheet, TASC will notify you of the results of your assessment.

Important Notes

- If your plan changes **significantly** after you've submitted the worksheet, we recommend an additional assessment to ensure the plan remains in compliance.
- **One** non-discrimination assessment is provided annually at no charge. Request additional assessments at any time through TASC Premium Services (additional fees may apply).

Definition of a Highly Compensated Employee (HCE)

- All officers* of the corporation; and/or
- Owners of more than 5% of all classes of stock; and/or
- Employees with earnings exceeding the defined limit:
 - Earnings limits are \$150,000 (2023), \$155,000 (2024), and, if elected by the employer, fall within the top 20% of income (refer to the 20% Top Paid Group instructions below); and/or
- An employee who is a spouse/dependent (under Code 152) of an employee meeting any of the above definitions.

* An officer is not defined merely by title. All facts and circumstances, including the individual's authority and the nature of duties, are used to determine officer status. An officer may be an administrative executive or an individual who has the authority of an officer without an officer title. Exclude individuals with the title of an officer without officer authority.



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Compensation Data

Compensation is the employee's total gross compensation. This includes bonuses, commissions, tips and salary deferrals. In the case of a self-employed individual, compensation is that person's earned income for the year.

Compensation data used in the assessment is from your plan's look-back year and may be based on when the benefit plan year starts. For instance, an off-calendar plan has two choices and a calendar plan always uses the prior calendar year compensation.

- **Calendar Plan Year:** use the *prior* calendar year compensation data and HCE defined limit (e.g., 2024 assessment year, 2023 compensation data, *2023 defined limit*).
- **Off-Calendar Plan Year:** use compensation data from either the *prior plan year* or *calendar year*:
 - When using *calendar year compensation*, the defined limit from the assessment year applies (e.g., 2024 assessment year, 2023 compensation, *2024 defined limit*).
 - When using *prior plan year compensation*, the defined limit from the prior calendar year applies (e.g., 2024 assessment year, 2023 plan year compensation, *2023 defined limit*).

20% Top Paid Group for HCE Determination

If having difficulty passing the non-discrimination assessment, employers may find it advantageous to use the 20% Top Paid Group HCE determination as an alternative method for reporting who is an HCE. Whichever method an employer uses, the same HCE determination method must be used for all benefit plans (retirement and non-retirement) with respect to all plan years beginning in the same calendar year.

Review the [20% Top Paid Group Instructions](#) for details on this HCE determination method.

Assessment Worksheet Instructions

Enter the employer name, the 12-digit TASC ID (if known), and the plan year start and end dates at the top of the form. If there are related employers, combine all information on one worksheet indicating each employer name and ID on the worksheet.

Please note the instructions based on your plan:

- If the **only** Section 125 Cafeteria Plan benefit you offer is to allow employees the option to deduct their share of the premium for employer-provided accident and health insurance pretax, complete the **POP Assessment Data Worksheet**.
- If you offer any Section 125 Cafeteria Plan pretax benefits other than as noted above, such as a Health Savings Account (HSA), Healthcare FSA, Dependent Care FSA, or Healthcare Premium (NESP) Reimbursement Account, you must contact TASC to request the **Non-Discrimination Assessment Instructions** and **Data Worksheet** for a Full FSA Plan.



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Worksheet Section A: Total Employees

Total Employees. Some employees may be excluded from the assessment due to a permissible exclusion. If an employee meets at least one of the following permissible exclusions, do **not** count the employee in the totals entered in A1, A2 or A3 of the worksheet.

- Employees on COBRA
 - Non-resident aliens with no U.S. source income
 - Union employees (if the benefits were the subject of bargaining)
 - Employees with fewer than three years of service (only if the waiting period is three years of employment)
1. Determine the number of all employees and then remove any employee that qualifies for a permissible exclusion as noted above. Enter the total of the remaining number of employees on line A1 of the worksheet.
 2. From this list of employees (the number entered on line A1 of the worksheet), determine which employees are highly compensated (HCEs) and which ones are non-highly compensated (NHCEs).
 3. Count the NHCEs and enter that number on line A2.
 4. Count the HCEs and enter the HCE total on line A3.

Note: The sum of A2 and A3 will equal A1.

Worksheet Section B: Eligible Employees

Eligible Employees. Using the same list of employees from Section A, determine which employees are not eligible to participate in the plan and remove them. These numbers will be equal to or less than the numbers entered on lines A2 and A3.

1. Using the number of NHCEs listed on line A2, count the number of employees that are eligible to participate in the plan. Enter that number on line B1. It will be equal to or less than the number on A2
2. Using the number of HCEs listed on line A3, count the number of employees that are eligible to participate in the plan. Enter that number on line B2. It will be equal to or less than the number on A3.

(Optional) Carrier and Coverage Data

With TASC's continuing efforts to be a voice for employers and employees in healthcare reform, TASC is requesting information on your current insurance coverage. While this data is not required to complete the non-discrimination assessment, please enter this information to help us continue with these efforts. Your information will not be shared with any outside sources.