

NEW PROPOSED CAFETERIA PLAN REGULATIONS

As you may be aware, the Department of the Treasury, Internal Revenue Service issued ninety-three (93) pages of new proposed cafeteria plan regulations, which will generally be effective for plan years beginning on and after January 1, 2009.

Several issues which were previously addressed with revenue rulings and field assistance bulletins have been codified into the new regulations, i.e. debit card guidance, grace period guidance, HSA rollover guidance, etc.



During a recent conference wherein these new proposed regulations were discussed at length, many questions were posed to the Department of the Treasury, and IRS is accepting comments regarding the new regulations until November 5, 2007, after which time, more modifications and clarifications will be added.

Flex Corp is involved in the process and will be watching the outcome closely. Once this process is complete, we will offer to make the changes to your documents and summary plan descriptions.

While no date has been given for the finalization of these new proposed regulations, plan sponsors may rely on the proposed regulations' provisions effective for plan years beginning January 1, 2009.

We will keep you updated as more information becomes available.