

Highly Compensated Employee (HCE) Key Testing Adjustment Form

By using this form, the employer reports adjustments on HCE and key employee cafeteria plan elections required to meet cafeteria plan non-discrimination testing requirements.

All fields are required for this form to be properly processed.

Employer Name (Do not abbreviate)

Plan Year Start Date (MM/DD/YYYY)

Plan Year End Date (MM/DD/YYYY)

HCE/Key Participant Name	First Affected Payroll Date	SSN Or Employee ID	Dependent Care or Medical Spending Account	Original Annual Election	New Annual Election
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Please return page 1 of this completed form to employerservices@discoverybenefits.com. The instruction portion (page) does not need to be returned.

I certify, as a representative of the employer, that the above adjustments have been approved by the employer and all affected participants have been notified of the necessary changes.

Print Name

Job Title

Employer Signature

Date

Instructions to bring your plan into Compliance

Steps if you hold the payroll deductions in your bank account:

1. Communicate testing results and necessary election adjustments to all affected participants.
2. Determine if reimbursements to affected participants have exceeded adjusted elections.
3. Adjust affected participant's payroll by the amount of excess reimbursements (if applicable) on a post-tax basis.*
4. Refund any over-contributions (if applicable) back to the affected participant's payroll post-tax.
5. If you send a payroll contribution file, please ensure the updated payroll deduction is included with the effective date being the first affected payroll date listed on page 1.
6. Complete the testing adjustment portion of this form and forward to employerservices@discoverybenefits.com.

Please note: If sending an Enrollment File, the updated annual election date should match the affected participant's original effective date.

Steps if Discovery Benefits holds your employees' payroll deductions funds in our account:

1. Communicate testing results and necessary election adjustments to all affected participants.
2. Determine if reimbursements to affected participants have exceeded adjusted elections.
3. Adjust affected participant's payroll by the amount of excess reimbursements (if applicable) on a post-tax basis.*
4. Refund any over-contributions (if applicable) back to the affected participant's payroll post-tax.*
5. Complete the attached adjustment portion and forward to employerservices@discoverybenefits.com.

What happens to excess funding previously sent to Discovery Benefits?

Any funds will remain in the employer account with Discovery Benefits until the close of the plan year. If funds exceed the minimum required reserve balance, a forfeiture check will be sent to the employer.

Please note: If sending an Enrollment File, the updated annual election date should match the affected participant's original effective date.

**Per IRS regulations, adjustments can be completed only during the active plan year. To bring an inactive plan into compliance, the taxable income for the affected employee will need to be adjusted or amended on their W2 form. It is recommended to work with your tax advisor when these adjustments need to be made.*