“Can’t You Just Remove Me From the Benefits?”

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“The deductions are too expensive.”
“I don’t really use the insurance.”
“Can’t you just take me off the benefits?”

HR teams hear versions of these questions all year long, especially after Open Enrollment ends and payroll deductions start showing up.

Employees often think benefits work like subscriptions. Enroll when you want and cancel when you want.

But pre-tax benefit elections do not work that way.

This conversation comes up often with credit unions because many HR teams truly care about their employees and want to help when questions or frustrations come up. The difficult part is that many benefit elections are tied to something called a Section 125 plan, and once benefits are elected pre-tax, employers do not always have the flexibility employees think they do.

What Is a Section 125 Plan?
A Section 125 plan allows employees to pay for benefits like medical, dental, and vision coverage with pre-tax dollars. This lowers taxable income, which can create meaningful savings for employees throughout the year.

But those tax advantages also come with IRS rules around when benefit elections can be changed.

In most cases, once an employee elects pre-tax coverage during Open Enrollment, those elections are intended to remain in place for the full plan year unless there is an approved qualifying event.

The Biggest Misunderstanding
One of the biggest misconceptions employees have is assuming employers can simply make exceptions whenever they want.

In reality, Section 125 rules apply to employers too.

Making exceptions outside IRS guidelines can create compliance issues for the entire plan, even when HR genuinely wants to help.

And for many HR teams, especially in credit unions, relationship-focused cultures, that can make these conversations especially difficult.

What Actually Counts as a Qualifying Event?
Some common qualifying events include:

- Marriage
- Divorce
- Birth or adoption
- Loss of other coverage
- Certain employment changes (example would be moving to full-time)

But situations like these do not qualify:

- "I changed my mind."
- "I don't use the coverage."
- "The payroll deductions are higher than expected."
- "I found a cheaper option later."

That is often the hardest part of the conversation because employees usually do not realize the elections are designed to stay in place for the full plan year.

Why Employee Education Matters
With rising healthcare costs, employees are paying closer attention to payroll deductions and benefit expenses than ever before.

That makes employee education during Open Enrollment even more important.

The more employees understand:

- how their benefits work,
- what pre-tax elections actually mean,
- and when changes are allowed,

...fewer frustrations happen later in the year.

In many cases, the frustration is not really about the benefits themselves. It is employees learning too late that pre-tax benefit elections come with IRS rules they never realized existed.