

Section 125 Plan Implementation Timeline

Week-by-Week Project Plan for Cafeteria Plan Implementation

By Benefits Genius

benefitsgenius.com

Free Educational Guide

© 2026 Benefits Genius | benefitsgenius.com | Educational resource — not legal or tax advice

Implementation Overview

Implementing a Section 125 Cafeteria Plan is a significant project that typically takes 12-15 weeks from start to go-live. This timeline breaks the project into five phases with specific milestones, deliverables, and decision points. This guide is designed for HR professionals, benefits administrators, and project managers overseeing the implementation. Adjust timing based on your organization's specific needs and complexity.

Phase 1: Planning & Assessment (Weeks 1-3)

Objective:

Conduct a thorough assessment of current benefits structure, identify needs, evaluate vendors, and build project team.

Week 1-2 Tasks:

- Form implementation team (HR, Finance, Payroll, IT)
- Define project scope, timeline, and budget
- Review current benefits structure and coverage
- Identify eligible benefits for Section 125 plan
- Calculate projected tax savings by employee class
- Document business objectives and success metrics

Week 2-3 Tasks:

- Request proposals from 3-5 Section 125 vendors
- Evaluate vendor capabilities: compliance, reporting, support
- Review integration requirements with payroll system
- Conduct cost analysis of vendor pricing
- Create communication plan for employees
- Schedule decision point meeting

KEY DECISION POINT

Decision	Select Section 125 vendor and confirm budget approval
Owner	CFO/Benefits Director
Timing	End of Week 3

Phase 2: Plan Design & Documentation (Weeks 4-6)

Objective:

Finalize plan design, engage legal counsel, create plan documents, and develop election forms.

Week 4 Tasks:

- Finalize plan design with selected vendor
- Determine plan year and effective date
- Define eligible benefits and contribution limits
- Create plan administrator roles and responsibilities
- Develop vendor service level agreements (SLAs)
- Begin legal review of plan document

Week 5-6 Tasks:

- Obtain legal approval of plan document
- Develop employee election forms and guides
- Create compliance documentation and policies
- Establish claims process procedures
- Draft employee communication materials
- Schedule legal and compliance signoff

KEY DECISION POINT

Decision	Approve final plan documents and communication strategy
Owner	CEO/Legal/Benefits Director
Timing	End of Week 6

Phase 3: System Setup & Testing (Weeks 7-9)

Objective:

Configure systems, conduct testing, and prepare infrastructure for enrollment.

Week 7 Tasks:

- Configure vendor enrollment platform
- Test payroll system integration
- Load current employee data and benefit elections
- Establish audit trail and reporting procedures
- Configure automated payroll deduction calculations
- Set up claims processing workflows

Week 8-9 Tasks:

- Conduct end-to-end system testing
- Test various employee scenarios and plan elections
- Verify payroll integration and deduction accuracy
- Test reporting and compliance audit trails
- Conduct user acceptance testing (UAT) with HR team
- Document test results and resolve issues
- Prepare go-live contingency plans

Phase 4: Communication & Enrollment (Weeks 10-12)

Objective:

Launch employee education, conduct enrollment meetings, and collect elections.

Week 10 Tasks:

- Launch employee communication campaign
- Distribute plan guides and benefits summaries
- Conduct group information sessions
- Send enrollment reminder emails
- Create FAQ document addressing common questions
- Establish enrollment support hotline/email

Week 11-12 Tasks:

- Open enrollment platform to all employees
- Provide one-on-one enrollment support as needed
- Track enrollment progress and completion rates
- Send enrollment deadline reminders
- Close enrollment and collect final elections
- Validate and audit all election data
- Generate enrollment summary reports

Phase 5: Go-Live & Monitoring (Weeks 13+)

Objective:

Execute first deductions, monitor compliance, and transition to ongoing administration.

Week 13 Tasks:

- Prepare payroll for first pre-tax deductions
- Distribute ID cards and confirmation materials to employees
- Brief payroll team on deduction procedures
- Set up claims submission process for participants
- Configure monthly reporting to finance
- Conduct final compliance audit

Week 13+ Tasks (Ongoing):

- Monitor first month of payroll deductions
- Address employee questions and enrollment issues
- Prepare compliance documentation
- Establish monthly reconciliation process
- Schedule quarterly compliance reviews
- Plan annual renewal and communication strategy
- Document lessons learned and improve processes