**Notice to Interested Parties**

May 1, 2025

**SUBJECT:** Rule Adoption, Concise Explanatory Statement, as required by RCW 34.05.325

**RULE CITATIONS:**

**Amended WAC Sections:**

* 415-104-367 – Cafeteria plans
* 415-106-290 – Is compensation applied toward cafeteria plans reportable compensation?
* 415-108-455 – Cafeteria plans
* 415-110-455 – Cafeteria plans
* 415-112-4604 – Is compensation applied toward cafeteria plans earnable compensation?

**REASON FOR ADOPTION**:

DRS is adopting this rule to reduce potential confusion between IRS requirements and language in existing WACs.   
  
IRS requirements say that cafeteria plans cannot include deferred compensation, but some DRS WACs regarding cafeteria plans include language regarding deferred payments.   
  
The language in these DRS WACs does not actually conflict with the IRS requirements, because "deferred payments" and "deferred compensation" have different legal meanings within the context of the tax code.   
  
However, these phrases sound similar enough that they could result in confusion. For this reason, DRS is revising the language in the applicable WACs [415-104-367, 415-106-290, 415-108-455, 415-110-455, and 415-112-4604].

**HEARING:** March 13, 2025, at 3:00 p.m.

**SUMMARY OF COMMENTS:** None

**DIFFERENCES IN TEXT BETWEEN PROPOSED AND FINAL RULE:** None

**Bianca Stoner**

Rules Coordinator

drs.[rules@drs.wa.gov](mailto:rules@drs.wa.gov)

360.664.7291