FLEXIBLE BENEFIT PLAN

Summary Description

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About the Plan

Overview

This booklet and the Appendix together form the Summary Description for the Flexible Benefit Plan specified in the Appendix (the "Plan") as in effect on the date specified in the Appendix. The employer named in the Appendix (the "Employer") sponsors this Plan for its eligible employees.

If you choose to participate in the Plan, any portion of the insurance premiums specified in the Appendix for coverage not paid by the Employer will be paid with "pre-tax" dollars, unless you have signed a waiver instructing us to deduct these premiums on an after-tax basis.

The Plan also allows you to use "pre-tax" dollars to acquire the following types of benefits:

- You can elect to contribute pre-tax dollars to a Dependent Care Flexible Spending Account and then use that Account to cover certain expenses involved in caring for your dependents while you are working.
- You can elect to contribute pre-tax dollars to an HSA. The Employer will then forward these pre-tax dollars to the trustee or custodian chosen to provide the HSA.

The benefits of using "pre-tax" dollars

The advantage of using the Plan to pay your share of the insurance premiums or to reimburse dependent care expenses is that your contributions to the Plan are taken out of your paycheck before FICA, federal or state income taxes are calculated, which means you pay less in taxes. Furthermore, any reimbursements paid to you from your Dependent Care Flexible Spending Account are not subject to FICA, federal or state income taxes. If you make pre-tax contributions to an HSA, if available, those contributions are also taken out of your paycheck before FICA and federal income taxes are calculated. Pre-tax contributions to an HSA, however, may be subject to income tax in some states, and you should consult your tax advisor for more information on the state taxation of HSA contributions. Reimbursements paid to you from your HSA are also eligible for special tax treatment, as specified in the documents governing your HSA.

Things to Note

Social Security Benefits: Because the contributions you make to this Plan are not taxed as wages for Social Security purposes, your ultimate Social Security benefits might be somewhat less than they could have been. This depends on many things, including your earnings history, whether you are above or below the Social Security "wage base", and what happens to the Social Security laws between now and when you retire.

Dependent Care Tax Credit: Some people may save more in taxes by paying the dependent care expenses themselves and then claiming the dependent care tax credit, rather than using the Dependent Care Flexible Spending Account. For additional information, please contact your tax advisor.

Coverage for Non-Tax Dependents: If you pay premiums through the Plan and have enrolled an individual in the coverage who is not your spouse or tax dependent, the fair market value of the coverage for such individual shall be imputed in your income as the coverage is provided. This imputation of income shall occur regardless of whether the cost of coverage is paid by salary reduction or allocation of available Employer credits. In the alternative, if you have enrolled such an individual in the coverage, the Plan Administrator may require you to pay the cost of coverage for which you are responsible on an after-tax basis up to the amount of the fair market value of the coverage provided to such individual. To the extent the cost of coverage for which you are responsible exceeds that fair market value; the remaining cost of coverage may be paid pre-tax through this Plan. To the extent the cost of coverage for which you are responsible is less than that fair market value, the excess of the fair market value over the after-tax payments will be imputed in your income as the coverage is provided.

For purpose of this Plan, the term "spouse" means an individual to whom you are legally married (under applicable state law) and who is treated as your "spouse" under the Internal Revenue Code.

For purpose of this Plan, the term "tax dependent" means an individual who satisfies the requirements of paragraph (a), (b) or (c) below:

Note: The definition "tax dependent" is different than the definition applicable under the Internal Revenue Code for purposes of identifying who you may claim as an exemption on your federal income tax return and is different than the definition of "qualifying individual" that applies under the Dependent Care Flexible Spending Account. Additional special rules apply in some cases. For additional information, please contact the Plan Administrator or your tax advisor.

a) An individual who:
   (1) is your child (son, daughter, stepson, stepdaughter, adopted child, eligible foster child, or child placed for adoption); and
   (2) will not attain age 27 during the relevant calendar year.

(b) An individual who:
   (1) is your child (son, daughter, stepson, stepdaughter, adopted child, eligible foster child, or child placed for adoption), brother, sister, stepbrother, or stepsister, or a descendant of any such person;
   (2) has the same principal place of abode as you for at least one-half of the relevant year;
   (3) will not attain age 19 (or age 24 if a full-time student) during the relevant year or is permanently and totally disabled;
   (4) did not provide over half of his/her own support during the relevant year;
   (5) is a citizen, national, or resident of the United States, or a resident of Canada or Mexico;
   (6) is younger than you; and
   (7) does not file a joint tax return with his or her spouse.

(c) An individual who:
   (1) is your child (or a descendant of a child), brother, sister, stepbrother, or stepsister, parent (or a parent's ancestor), stepparent, brother or sister's son or daughter, parent's brother or sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law or, if not such a relative, an individual who has the same principal place of abode as you and is a member of your household;
   (2) has received more than one-half of his/her support from you during the relevant year;
   (3) is not your qualifying child or the qualifying child of anyone else (i.e., does not satisfy the requirements of paragraph (a) above with respect to any person); and
   (4) is a citizen, national, or resident of the United States, or a resident of Canada

Illustration – Benefit of Paying Expenses with Pre-tax Dollars

Assume Mary had $400 of dependent care expenses during the year. Assume also that her income tax rate (combined state and federal) for that period is 25%, and that all her pay is subject to FICA taxes.

Without the Plan – paying expenses with after-tax dollars

Mary has to earn $593.91 to have enough left after taxes to pay her $400 in dependent care expenses. Out of that $593.91, Mary first pays FICA tax ($593.91 x 7.65% = $45.43) and income tax ($593.91 x 25% = $148.48), leaving her with just enough to pay her $400 of dependent care expenses.

With the Plan – paying expenses with pre-tax dollars

If Mary had elected to contribute $400 to her Dependent Care Flexible Spending Account, that same $400 in dependent care expenses would be paid with pre-tax dollars, which means that Mary only had to earn $400 in order to have enough to pay the expenses. In other words, paying the expenses with pre-tax rather than after-tax dollars saved Mary a total of $193.91.

Note that Mary would still come out ahead even if she had contributed slightly more to her Dependent Care Flexible Spending Account than she actually used during the year. For example, if Mary had elected to contribute $450 to her Account, the $50 that she did not use during the year would be forfeited. However, Mary would still be better off compared to paying the expenses with after-tax dollars, although her overall savings would be reduced ($143.91 instead of $193.91).

Same principles apply to premiums

Although this illustration is limited to the Dependent Care Flexible Spending Account, the same principles apply to the payment of premiums using pre-tax dollars.

Your savings under the Plan

As you can see, your savings will depend upon –

1. The amount of your reimbursable expenses, and whether or not you use all of the amount credited to your Accounts.
2. Your marginal income tax rate.
3. Whether or not you have already paid the maximum FICA taxes.

About this Booklet

This booklet is a summary of the Plan. It describes the Plan provisions as in effect on the date specified in the Appendix.

Some rules were different in prior years. The rules may change again in the future.

It's only a summary

We have tried to include the information that we think is necessary for an understanding of how the Plan works. It is important to remember, however, that this booklet is only intended to be a summary and therefore provides only generalized information. A summary cannot deal with every conceivable set of circumstances.

The Plan has been established under a detailed legal document which controls the rights of participants. If this summary is inconsistent with that document in any way, the legal document will nevertheless control. Copies of the Plan document are available for your review.

Read the entire booklet

It is important that you read the entire booklet. Reading only portions can be confusing and misleading.

Legal requirements

The Plan has been designed to comply with current federal laws and regulations covering cafeteria plans. Congress or the IRS may make further changes in the future. The Plan, of course, must comply with any changes that occur.

Eligibility

Entering the Plan

In general, you are eligible to participate in the Plan on the entry date specified in the Appendix.

Covered positions

You are in a covered position if you meet the eligibility requirements for qualified employees, as specified in the Appendix.

Any individual who is classified by the Employer as an independent contractor (or as working in any other non-employee position) is not in a covered position, regardless of the correct legal status of the individual. The Plan also excludes persons classified by the Employer as temporary employees or leased employees, persons employed outside of the United States, certain non-resident aliens, self-employed individuals, and certain business owners (including sole proprietors, partners, more-than-2% shareholders of an S corporation (and certain members of such owners families), and members of a limited liability company that is taxed like a partnership).

The eligibility of any employees who become part of a collective bargaining unit would be subject to negotiations with the representative of that unit. Such persons would not be in a covered position unless the collective bargaining agreement specifically so provides.

Eligibility to participate in a Health Savings Account

If specified in the Appendix, you may be able to make pre-tax salary reduction contributions to a Health Savings Account ("HSA") through this Plan, and/or your Employer may contribute to an HSA on your behalf. If specified in the Appendix, you must be enrolled in the high deductible health plan sponsored by the Employer in order to make contributions to your HSA through this Plan. Whether or not an HSA is made available under this Plan, you can make after-tax contributions to an HSA of your choice, assuming you meet the eligibility requirements. Consult your tax advisor for more information.

Note: If you or your spouse participates in a standard health flexible spending account, you are ineligible to make or receive contributions to an HSA.

Your Plan Elections

Elections

During each Election Period you will have two elections.

- First, you automatically elect to use pre-tax dollars to pay your share of the premiums for the plans specified in the Appendix, unless you sign a waiver instructing the Employer to pay the premiums on an after-tax basis.
- Second, you can specify the dollar amount you want to contribute on a pre-tax basis to your Dependent Care Flexible Spending Account, if any. The maximum amount you can contribute is generally $7,500 per year ($3,750 per year if you are married and file a separate tax return). However, you could be subject to a smaller limit. (See page 21)

If the Employer permits pre-tax contributions to an HSA through this Plan, as specified in the Appendix, you may also elect to contribute to an HSA on a pre-tax basis. An election to contribute to an HSA does not have to be made in the election period. Rather, you may elect to contribute to an HSA in the month preceding the month that you wish to begin contributing to an HSA (e.g., you should file your HSA election in March if you wish to start contributing to an HSA in April). For more information regarding establishing and making contributions to an HSA, refer to the governing documents for those accounts.

Election Periods

The Plan Year and the "Annual Election Period" for each year are specified in the Appendix. Elections filed during the Annual Election Period apply to all paychecks issued during the subsequent Plan Year.

If you filed an election during a prior year and you do not file a new election during the Annual Election Period, your prior election with respect to the payment of premiums will automatically carry over to the following year. However, if you previously elected to contribute to a Dependent Care Flexible Spending Account, that election **will not** carry over. If you want to continue to contribute to this Account you must make a new election.

The Plan also has several "Special Election Periods:"

- If you become eligible to participate in the Plan in the middle of the year, the 30-day period preceding your entry date (as specified in the Appendix) is a Special Election Period for all of your elections.
- If you meet the requirements for changing one or more of your elections in mid-year, the 30-day period immediately thereafter is a Special Election Period. (See pages 11-15)

Elections are generally irrevocable during the year

Once you have made your elections to pay premiums using pre-tax dollars or to contribute to a Dependent Care Flexible Spending Account during the Annual Election Period, **you cannot change or revoke** your elections for the remainder of the year except in very limited circumstances. (See pages 11-15). (Elections to contribute to an HSA, if available under the Plan are generally revocable, as explained below.) Unless you fit those limited circumstances and make a new election, the amounts you initially elected to contribute to your Dependent Care Flexible Spending Account will be deducted from your pay for the rest of the year (even if you decide that you no longer need any additional credits to your Account) and your pre-tax premium payments will be deducted from your pay for the entire year (even if you decide to drop the coverage in the middle of the year). Therefore, you should use care in making your elections.

"Use or lose"

Federal tax law imposes a "use or lose" rule on amounts contributed to your Dependent Care Flexible Spending Account. Under this rule, you will forfeit any amounts credited to your Account that are not used to reimburse eligible expenses incurred during the Plan Year. Unused amounts cannot be returned to you and cannot be carried over to the following year.

Therefore, you should be careful not to contribute more to your Dependent Care Flexible Spending Account than you reasonably expect to use for eligible expenses during the year. (As shown in the Illustration on page 5, however, a small surplus will reduce your tax savings but still leave you ahead.)

The "use or lose" rule does not apply to HSA elections, if HSA contributions are permitted under the Plan, as specified in the Appendix. Instead, HSA contributions are non-forfeitable. See the documents governing the HSA for more information.

Employer credits to accounts

If specified in the Appendix, each Plan Year, the Employer may grant a credit to you for purposes of selecting among the benefits available under the Plan. Prior to each Plan Year, the Employer will decide whether to make such a contribution for the next year. If the Employer decides to make a contribution, the amount of such contribution will first be used to pay your premiums. The remaining balance will then be allocated to your Dependent Care Flexible Spending Account. If credits remain after allocation to your Account, the balance will be paid to you in cash, subject to any restrictions specified in the Appendix.

Employer contributions to HSA

If specified in the Appendix, the Employer may make contributions to an HSA on your behalf, through this Plan. Such contributions will be forwarded to the trustee or custodian providing the HSA. If specified in the Appendix, you must be enrolled in the high deductible health plan sponsored by the Employer in order to receive Employer contributions to your HSA.

Accounts are for bookkeeping purposes only

Although this booklet sometimes refers to "contributions" to your Accounts, your Accounts in the Plan exist for bookkeeping purposes only. No separate trust is created to hold the amounts by which your pay was reduced, and no money is actually set aside in any Accounts on your behalf. All dependent care reimbursements under the Plan are paid out of the general assets of the Employer, and you are simply a general unsecured creditor with respect to those claims. Furthermore, your Accounts do not earn interest.

Note that, unlike contributions to the Accounts, contributions to an HSA, if permitted under the Plan, are held in the trust or custodial account funding the HSA, which does earn interest, or other investment earnings.

Changing Your Elections

General rules

Once you make your elections for the year, they generally cannot be changed until the next Annual Election Period (with the exception of HSA elections, as explained on page 14. This section addresses whether you can change your elections under this Plan. If you are paying health plan premiums (e.g., medical premiums, dental premiums) through this Plan, whether you can change your coverage under the underlying health plan is determined under the terms of the applicable plan. See the separate booklet(s) describing our health care benefit program(s).

If one of these situations applies, you must make a new election within 30 days after the date of the event which permits the change.

If the Plan Administrator determines before or during any Plan Year the Flexible Benefit Plan may fail to satisfy any nondiscrimination requirement imposed by the Internal Revenue Code, the Plan Administrator may take such action as the Plan Administrator deems appropriate, under rules uniformly applicable to similarly situated Participants, to further compliance with such requirements or limitation. Such action may include, without limitation, a modification of your election downward with or without your consent or a recharacterization of benefits received under the Plan as taxable income.

In applying the following rules, except as otherwise provided below, the terms "spouse" and "dependents" have the same meanings as the definitions of "spouse" and "tax dependent" described in the *About the Plan* section above.

Changes in status

Different Personal Circumstances. The following events that occur during the Plan Year are changes in status that allow you to change any of your elections for the remainder of the year, provided your change is on account of and consistent with the event:

- A change in your legal marital status—this includes marriage, divorce, legal separation or annulment, or the death of your spouse.
- A change in the number of your dependents—this includes birth, adoption, placement for adoption, or the death of a dependent.
- A change in employment or terms of employment by you, your spouse, or your dependents. This includes beginning or ending a job, changing job classifications, or changing other terms of employment. This also includes a switch between full-time and part-time employment, and a commencement of or return from an unpaid leave of absence.
- Your dependent satisfies or ceases to satisfy the requirements for health care coverage or dependent care expense reimbursement due to a change in age, student status, disability, or any similar circumstance.

- You, your spouse or dependent change your place of residence. (For example, you move out of the service area of an HMO you elected.)

Different Coverage. The following events that occur during the Plan Year are changes in status that allow you to change any of your elections for the remainder of the year, provided your change is on account of and consistent with the event:

- Your coverage under our health plan[s] is significantly reduced or eliminated.

- A new coverage option is added to this Plan or our health plan[s] or an existing coverage option is significantly improved. Changing or eliminating day care providers is treated as the addition of a new coverage option to this Plan, for purposes of the Dependent Care Flexible Spending Account.

- Your spouse's or dependent's employer's cafeteria plan or health plan permits a change in elections due to a change in status event, general enrollment period, or other coverage change at a time that is different from this Plan's Annual Election Period and your spouse or dependent elects a change in coverage.

Medical Plan Premium Elections Only. The following events that occur during the Plan Year are changes in status that allow you to change your medical plan premium elections for the remainder of the year (regardless of whether the consistency rules are satisfied):

- Based upon your prior employment status, you were reasonably expected to average at least thirty (30) hours of service per week and you experience a change in employment status such that after that change you will reasonably be expected to average less than thirty (30) hours of service per week (but you nevertheless will remain eligible for group medical coverage). In that situation, you may revoke your medical plan premium election if you cancel your group medical coverage (in accordance with the requirements of that plan), you and any related individuals who were also enrolled in the group medical coverage enroll in (or intend to enroll in) other medical coverage that provides minimum essential coverage, and your new coverage will be effective no later than the first day of the second month following the month in which your group medical coverage under the Employer's plan ends.

- You are eligible to enroll in a qualified health plan through the Marketplace (i.e., a public exchange) via a special enrollment period (in accordance with the Marketplace's enrollment rules) or you seek to enroll in a qualified health plan through the Marketplace during the Marketplace's annual open enrollment period. In that situation, you may revoke your medical plan premium election if you cancel your group medical coverage (in accordance with the requirements of that plan), you and any related individuals who were also enrolled in the group medical coverage enroll in a qualified health plan through the Marketplace, and your Marketplace coverage will be effective no later than the day immediately following the last day for which the Employer's group medical coverage was effective (i.e., you will not have a break in coverage).

Health Plan Premium Elections Only. The following events that occur during the Plan Year are changes in status that allow you to change your health plan premium elections for the remainder of the year, provided your change is on account of and consistent with the event:

- You, your spouse or your dependent loses group health coverage sponsored by a governmental or educational institution.

- You take leave under the Family and Medical Leave Act and change your health plan premium election as provided by that Act.

Consistency

A change in status does not allow you to make any new election you desire. On the contrary, the change in your election(s) must be on account of and consistent with the change in status. In addition, the following consistency rules apply:

Health Plan Premiums. Changes in your elections must relate to a loss or gain in eligibility for coverage under this Plan, one of our health plans, or the cafeteria or health plan of your spouse's or dependent's employer.

For example, if you and your spouse divorce, it would not be consistent to eliminate premium payments for coverage of yourself or for other family members under our health plan (unless a qualified medical child support order requires someone else to cover them and that coverage is in fact provided).

Dependent Care Flexible Spending Account. Changes in your elections must relate to a loss or gain in eligibility under this Plan or a change in reimbursable dependent care expenses. For purpose of the change in status events, a dependent includes any person who is a dependent for purposes of your Dependent Care Flexible Spending Account.

Effective Date of Elections. If elections are changed because of birth, adoption, or placement for adoption, the changes are effective as of the date of the event. In all other cases, the changes are effective as of the date of the election (generally, the date the election form is signed). For the effective dates described in this paragraph to apply, the election must be filed within 30 days of the event.

Premium changes

If a premium increase or decrease is not significant, the amount of your payroll deduction will be adjusted automatically to cover the change.

If there is a significant increase in the premium, you will be permitted to increase the amount of your contribution to cover the change, cancel your election of that coverage and substitute other similar coverage or, if no similar coverage is available, elect no coverage under the health plan.

If there is a significant decrease in the premium, all employees in covered positions may change their previous election and elect that coverage.

Significant change in cost of dependent care

If there is a significant increase or decrease in the cost of dependent care charged by a care provider who is not related to you, you will be permitted to increase or decrease the amount of your pre-tax contributions to your Dependent Care Flexible Spending Account to reflect the change.

Health Savings Accounts

If you contribute to an HSA through this Plan, the change in status rules do not apply. This is because the eligibility requirements are determined on a monthly, as opposed to a Plan Year, basis. You may start or stop your election to contribute to an HSA or increase or decrease your contribution to the HSA at any time as long as the change is effective prospectively. For example, imagine that in February, you begin contributing $100 a month to an HSA. In August, you decide that you want to increase your contributions to $150 a month and you file an election. Your contributions will increase to $150 a month for the remainder of the calendar year, beginning in September.

Paying for COBRA coverage

If you, your spouse or your dependent become eligible for COBRA continuation coverage under our health plan(s), you may increase your pre-tax premium payments to pay for the continuation coverage as long as you continue to meet the eligibility requirements under this Plan.

Special enrollment right

In certain cases, individuals are allowed to enroll in our health plans subject to HIPAA special enrollment at times other than open enrollment. Generally, special enrollment is available upon:

- acquiring a new spouse or dependent,
- losing other group coverage if, when you, your spouse, or your dependents were first eligible for our plans, you declined coverage because you had such other coverage,
- losing coverage under Medicaid or a state children's health insurance program ("SCHIP"), and
- becoming eligible for a subsidy under Medicaid or SCHIP for coverage under the Employer's group health plan.

(Please refer to the plan documentation for the health plan for additional information regarding HIPAA special enrollment, including information regarding the situations in which special enrollment is available and the deadline for requesting special enrollment under that plan.)

If you, your spouse, and/or your dependent actually enroll in our health plans pursuant to HIPAA special enrollment, then you can make a mid-year election to pay the premiums for such coverage on a pre-tax basis.

Note: There are two separate steps involved in making an election change under this exception. You must enroll in the health plan within the HIPAA special enrolment time period required under that plan. You must also request a change to your election under this Plan in accordance with the general rules described above.

Submitting Claims

How your Dependent Care Flexible Spending Account works

You pay the eligible dependent care expenses yourself. You then fill out the appropriate reimbursement request form, attach proof of the services rendered and then file the form and the attachments with the Claims Administrator.

The Claims Administrator will make reimbursement payments within two business days of receiving your claim. Each time you are reimbursed, the amount credited to your Account is correspondingly reduced.

Deadline for filing reimbursement requests

Reimbursement requests for expenses incurred during a Plan Year may be filed within 90 days of the end of the Plan Year.

Reimbursement requests filed after the deadline cannot be reimbursed.

May I submit expenses incurred before I became a Participant?

No. Only expenses incurred on or after the date you became a Participant may be reimbursed. An expense is incurred when the service is performed, not when you receive the bill or make payment.

What if I have not yet contributed enough to my Account via payroll deduction to cover the expenses I am submitting?

You will receive a partial reimbursement based on the amount you have contributed to your Dependent Care Flexible Spending Account through payroll deduction at the time you submit the expense. Additional payments will be made as additional amounts are deducted from your pay and credited to your Dependent Care Flexible Spending Account.

What if I have more credited to my Account than I can use during the year?

Reimbursement accounts are subject to a "use or lose" rule, which means unused amounts will be forfeited. Unused amounts cannot be returned to you and cannot be carried over from one Plan Year to the next.

Do the rules described above apply to HSAs?

No. The process for paying for qualifying expenses through an HSA is different. Claims will generally be submitted to, and reimbursed by, the trustee or custodian of the HSA account. See the separate documents governing your HSA for details.

When Your Participation Stops

If your employment status changes so that you are no longer eligible to participate in the Plan (for example you terminate employment or you are transferred to an ineligible position), contributions to your Dependent Care Flexible Spending Account under the Plan and pre-tax premium payments will generally stop.

Dependent Care Flexible Spending Account

Amounts credited to your Dependent Care Flexible Spending Account prior to the change in employment status will still be available for reimbursement of eligible employment-related dependent care expenses that you incur during the year, whether those expenses were incurred before or after the change. However, you cannot make any further contributions to your Dependent Care Flexible Spending Account after the change.

Similarly, if you die during the year, any balance remaining in your Account may be used to reimburse eligible dependent care expenses incurred during the year, whether those expenses were incurred before or after you died.

Health Savings Account

You are always fully vested in your HSA contributions, if any. If you terminate employment, you will not forfeit your HSA balance. If need be, you can rollover your HSA balance to another HSA when your employment ends. The documents governing the HSA should explain these rules in more detail.

Generally, you may stop contributing to an HSA at any time, even if you don't terminate employment, as long as your election to stop contributions is effective prospectively. In other words, if you want to stop contributing to your HSA in November, you should file an election to stop your contributions in October.

If you regain eligibility

If you terminate employment and are rehired in a covered position within 30 days and in the same Plan Year, any election that was in effect prior to your termination will continue in effect until the next Election Period. If you are rehired in a subsequent Plan Year or more than 30 days following your termination of employment, you will be treated like a new employee and you will have a new election period.

Leaves of absence

If you are participating in the Plan and you take a leave of absence, you are subject to some special rules. If this affects you, please contact the Employer for more details.

Reimbursable Dependent Care Expenses

What expenses can be reimbursed out of my Dependent Care Flexible Spending Account?

Any expenses that are considered "employment-related expenses" under Section 21(b)(2) of the Internal Revenue Code are eligible for reimbursement. Generally, these expenses are expenses you incur for the care of certain "Qualifying Individuals" which are necessary to enable you (and your spouse, if you are married) to work. (See "Who are my "Qualifying Individuals"? below.)

You may use your Dependent Care Flexible Spending Account to reimburse yourself for employment-related expenses for care of your Qualifying Individuals outside your home. These expenses include the cost of food served at the care location **only if** it cannot be separated from the cost of care. These expenses include the cost of educational services **only if** the schooling is at or below the nursery school level. You will not be reimbursed from your Dependent Care Flexible Spending Account for costs of transportation to and from the care location, unless such transportation is provided by your dependent care provider. In addition, expenses for services provided by a day care center which provides care for more than six individuals may be reimbursed **only if** the center complies with all state and local rules.

You may use your Dependent Care Flexible Spending Account to reimburse yourself for the expense of services in your home if the services are at least in part for the care of a Qualifying Individual so that you (and your spouse, if you are married) may work. For example, the cost of a housekeeper, cook, or practical nurse attending to a Qualifying Individual in your home may be reimbursed. Reimbursable expenses include wages paid to the service provider, but not usual household expenses, such as the cost of food or clothing.

You will not be reimbursed from your Dependent Care Flexible Spending Account for any services provided (1) by a person with respect to whom you or your spouse could claim a deduction on your tax return, (2) by any of your children who are under age 19, (3) an individual who was your spouse at any time during the calendar year, or (4) a parent of a Qualifying Individual who is your child under age thirteen (13).

Who are "Qualifying Individuals"?

Generally, Qualifying Individuals for purposes of reimbursement from your Dependent Care Flexible Spending Account are:

1. your "qualifying child" who is under age 13;

2. your "qualifying child" or "qualifying relative" who is physically or mentally incapable of caring for himself or herself and who lives with you for more than one-half of the year; or

3. your "spouse" who is physically or mentally incapable of caring for himself or herself and if he or she lives with you for more than one-half of the year.

Who are "Qualifying Individuals"? (cont.)

Your "spouse" is an individual to whom you are legally married (under applicable state law) and who is treated as your "spouse" under the Internal Revenue Code.

Your "qualifying child" is someone who:

1. is your child (biological, adopted, foster, or stepchild), brother or sister (or stepbrother or stepsister), niece or nephew, or grandchild;

2. lives with you for more than one-half of the year;

3. has not yet turned 19 (or is a full-time student who has not yet turned 24) as of the end of that year;

4. has not provided more than half of his or her own support that year;

5. is a citizen, national, or resident of the United States, or a resident of Canada or Mexico;

6. is younger than you; and

7. does not file a joint federal income tax return with his or her spouse.

In the case of an individual who is totally and permanently disabled at any time during the year, the age requirement described in #3 above is deemed to be met.

Your "qualifying relative" is someone who:

1. is your child (or descendant), brother or sister (or stepbrother or stepsister), father or mother (or ancestor), stepmother or stepfather, niece or nephew, aunt or uncle, or in-law (father, mother, sister, brother, son or daughter), or is an individual who (other than a spouse) lives with you and is a member of your household (unless the relationship violates local law);

2. receives more than one-half of his or her support during the year from you;

3. is not your qualifying child or the qualifying child of any other taxpayer during the year; and

4. is a citizen, national, or resident of the United States, or a resident of Canada or Mexico.

What if two people claim a child as a Qualifying Individual?

With the exception of two parents that file income taxes jointly, only one person is entitled to treat the child as a Qualifying Individual. Where multiple people are involved, there are two special rules to determine which person is entitled to treat the child as a Qualifying Individual.

Divorced or Separated Parents, or Parents Living Apart. If a child's parents are divorced, legally separated, separated pursuant to a written agreement, or live apart at all times during the last six (6) months of the calendar year, a special rule applies if: (i) the child is under age 13 or is mentally or physically unable to care for himself or herself; (ii) the child receives more than 50% of his or her support from the parents (in aggregate); and (iii) the child resides with the parents (in aggregate) for more than 50% of the year. In such situations, the child is the Qualifying Individual of the custodial parent even if the custodial parent has released the right to claim the child as a dependent. The custodial parent is generally the parent with whom the child resides for the greater number of nights during the calendar year or, if the child resides with both parents for an equal number of nights, the parent with the higher adjusted gross income for the year.

Other Situations. If the special rule described above regarding divorce, etc. does not apply, other special tie-breaker rules may apply. If an individual is a Qualifying Individual (under paragraphs (1) or (2) of the definition provided above) with respect to more than one person, then:

(1) If both persons are the individual's parents and they file separate federal income tax returns, then the child is the Qualifying Individual of the parent with whom the child resides for the longest period of time during the calendar year (or, if child resides with both parents for the same amount of time during the year, the parent with the highest adjusted gross income for the year). However, if that parent (i.e., the custodial parent or the parent with the highest adjusted gross income) does not claim the child as a qualifying child (as defined in Section 152 of the Internal Revenue Code) for any purpose (i.e., a dependent care expense reimbursement program, the earned income credit, the dependency deduction, the child tax credit, and the dependent care credit), then the child is the Qualifying Individual of the other parent (i.e., the non-custodial parent or the parent with the lowest adjusted gross income).

(2) If one person is the individual's parent and the other is not, the child is the Qualifying Individual of the parent. However, if the parent does not claim the child as a qualifying child (as defined in Section 152 of the Internal Revenue Code) for any purpose (i.e., a dependent care expense reimbursement program, the earned income credit, the dependency deduction, the child tax credit, and the dependent care credit), then the child is the Qualifying Individual of the other person (i.e., the non-parent).

What if two people claim a child as a Qualifying Individual? (cont.)

(3) if neither person is the individual's parent, the child is the Qualifying Individual of the person with the highest adjusted gross income for the year in question. However, if that person does not claim the child as a qualifying child (as defined in Section 152 of the Internal Revenue Code) for any purpose (i.e., a dependent care expense reimbursement program, the Earned Income credit, the dependency deduction, the child tax credit, and the dependent care credit), then the child is the Qualifying Individual of the other person (i.e., the person with the lowest adjusted gross income).

Important: If you enroll for dependent care benefits, it will be assumed that you are ***the one person*** entitled to treat the child as a Qualifying Individual for purposes of reimbursement under the Dependent Care Flexible Spending Account.

Are there any limits on the amount of expenses that can be reimbursed?

Yes. In any calendar year, the amount of expenses for which you are reimbursed from your Dependent Care Flexible Spending Account cannot exceed whichever of the following limits applies:

- If you are single, your net taxable pay (after all salary reductions) for the calendar year the expenses are incurred.
- If you are married and your spouse is working, your net taxable pay (after all salary reductions) or the taxable pay of your spouse, whichever is less, for the calendar year the expenses are incurred.
- If you are married and your spouse either is a full-time student for at least five months during the Plan Year or is physically or mentally incapable of caring for himself or herself, $250 in any one month if you have only one dependent or $500 in any one month if you have more than one dependent.

In addition, your reimbursement from your Dependent Care Flexible Spending Account in any calendar year cannot exceed $7,500 ($3,750 if you are married and file a separate return).

- To satisfy these limits, you should make sure that the taxable pay you actually receive in your paycheck each payroll period will always be larger than the amount that was deducted from it for your Dependent Care Flexible Spending Account. If you are married and your spouse's pay is less than your net paycheck, don't elect to contribute more than your spouse's pay (taking into consideration the special $250/$500 exception described above).

Reimbursable Dependent Care Expenses (cont.)

What effect does reimbursement have on my tax credit for dependent care expenses?

You may not claim a tax credit on your income tax return for dependent care expenses that were reimbursed from your Dependent Care Flexible Spending Account. (Remember, however, that the reimbursements are not included in your gross income.)

In addition, the amount of dependent care expenses for which you may claim a tax credit is reduced, dollar for dollar, by the amount of expenses that are reimbursed from your Dependent Care Flexible Spending Account. For example, suppose you have one dependent, you incur $10,500 of dependent care expenses in one year, and you are reimbursed under the Plan for $7,500 of those expenses. The amount of expenses otherwise eligible for the tax credit ($3,000) is reduced by the amount of expenses reimbursed from the Plan ($7,500). Therefore, in this example, you could not claim a dependent care tax credit for the year. However, if you were reimbursed from the Plan for only $1,000 of expenses, you could claim a tax credit for an additional $2,000 of expenses ($3,000 - $1,000).

In certain cases, it may be more advantageous for you to claim a tax credit for your dependent care expenses, rather than paying for those expenses through the Dependent Care Flexible Spending Account. You should consult your tax advisor for further details.

What information do I need to report on my income tax return?

In order to claim the exclusion from income for expenses reimbursed from your Dependent Care Flexible Spending Account, you must report the correct name, address, and taxpayer identification number of your dependent care provider on your income tax return. (If your provider is a tax-exempt organization, you only need to report its name and address.) You should make sure that you always obtain this information from each dependent care provider you use.

Are there other limits that may apply to me?

It is possible that the amount you can contribute to your Dependent Care Flexible Spending Account may be restricted if you are a "highly compensated employee" or owner under the tax laws. If certain limits in the tax laws are exceeded, the credits to your Account may have to be reduced (or treated as taxable income to you if you have already received benefit payments).

Health Savings Account

The summary below provides a basic overview of HSAs. You should refer to the documents governing your HSA for further information.

What is an HSA?

An HSA is an account, similar to an IRA, to which an individual (or the individual's Employer) can make pre-tax or tax-deductible cash contributions. Contributions to the account may be used to pay for current and future medical expenses.

Who is eligible to contribute to an HSA?

You are eligible to contribute to an HSA if you are:

(i) Covered by a High Deductible Health Plan ("HDHP");

(ii) Not covered by other health coverage (other than specific injury coverage and accident, disability, dental care, vision care, or long-term care coverage);

(iii) Not enrolled in Medicare; and

(iv) Not claimed as a dependent on someone else's tax return.

Remember that you are not eligible to contribute to an HSA if you contribute to the Health Care Flexible Spending Account under this Plan or if your spouse is enrolled in a standard health flexible spending account through his/her employer. However, you are eligible to contribute to an HSA if you contribute to the Limited Health Care Flexible Spending Account, assuming you meet the other eligibility criteria.

What is a HDHP?

In general, a health plan qualifies as a "high deductible" health plan if it has a deductible of at least $1,400 and an out-of-pocket maximum of not more than $6,900 for single coverage, and a deductible of at least $2,800 and an out-of-pocket maximum of not more than $13,800 for family coverage.

These limits are for 2020. Thereafter, the deductible and out-of-pocket maximums are indexed for cost of living increases and may change annually. Each year, around the end of November the IRS will announce the limits which apply for the following year.

How do I contribute to an HSA?

Your Employer may offer an HSA to which you can contribute, either outside of this Plan, or, if specified in the Appendix, under this Plan, on a pre-tax basis. If specified in the Appendix, you must be enrolled in the high deductible health plan sponsored by the Employer in order to make contributions to your HSA through this Plan.

Whether or not your Employer makes an HSA available to you, you may contribute to an HSA on your own, without your Employer's involvement. In that case, you would find an HSA provider, of your choice, and arrange to contribute to the HSA. Assuming you are eligible, you can take an above the line tax deduction for such HSA contributions.

If your Employer makes an HSA available to you, review the documents governing the HSA and decide whether you wish to participate, and whether you wish to contribute on a pre-tax basis under this Plan, if that option is available to you.

If your Employer does not make an HSA available to you, you may want to decide whether you are eligible to participate in an HSA and whether you wish to participate in one before finalizing your elections under this Plan, since you will not be eligible for an HSA if you elect to participate in the Health Care Flexible Spending Account. Further, once you elect to participate in the Health Care Flexible Spending Account for a Plan Year, you will not be able to change this election unless you have a change in status in the section entitled "*Changing Your Election*s."

General Information

Name of Plan

The name of the plan is specified in the Appendix.

Type of Plan

The Plan is a cafeteria plan under Section 125 of the Internal Revenue Code, allowing a choice between cash, medical benefits, and dependent care assistance benefits.

Plan Sponsor and Administrator

The Employer is the "Plan Sponsor" and "Plan Administrator."

Communication to the Employer as Plan Sponsor and Plan Administrator should be directed to the address and telephone number specified in the Appendix. The telephone number of the Employer is also specified in the Appendix.

Claims under the Dependent Care Flexible Spending Account are administered for the Employer by:

Benefit Extras, Inc.
P.O. Box 1815
Burnsville, MN 55337

Telephone: (952) 435-6858
Facsimile: (952) 435-8435

Participating Employers

The Participating Employers are specified in the Appendix.

Plan Year

The Plan Year is specified in the Appendix.

Employer Identification No.

The Employer's Federal Employer Identification Number is specified in the Appendix.

Service of legal process

Legal process may be served on the Employer at the address specified in the Appendix.

Amendment and Termination

The Employer has the right to amend or terminate the Plan at any time for any reason by action of the Employer's governing body (e.g., its Board of Directors).

Correction of errors

The Employer has the right to correct any and all errors that may occur in administering the Plan, including recovering any overpayment from the person who received it.

Assignment of Benefits

You cannot assign your benefits under this Plan to anyone else. The Employer will not reimburse anyone other than you or your estate for covered expenses. It is your responsibility to arrange for payment of those expenses and then get reimbursed from your Accounts.

No guarantee of tax consequences

The Employer is offering this Plan for its eligible employees to give them an opportunity to save money by paying certain expenses on a pre-tax basis. However, the Plan has not been approved in advance by the IRS. The Employer cannot provide any assurance or guarantee that the Plan will not be challenged by the IRS at some point.

If the IRS were to take the position that some or all of the amounts that have been deducted from your pay or expenses that have been reimbursed to you are taxable, you will be responsible for any additional taxes you owe the IRS (plus any penalties and interest), and you will not be reimbursed by us. On the other hand, you will be required to reimburse us for any amounts the IRS claims that should have been withheld from your pay.

Qualified Medical Child Support Orders

In certain circumstances, you may be able to enroll one or more of your children (including foster children) in the medical reimbursement portion of the Plan by filing a Qualified Medical Child Support Order ("QMCSO") with the Employer. For more information regarding QMCSOs and the procedures for filing them with the Plan, contact the Plan Administrator.