



The
BESTflexSM
Plan

Summary Plan Description

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YOUR BESTFLEX PLAN

The BESTflex Plan is a cafeteria plan that is governed by the Internal Revenue Service (IRS) (Internal Revenue Code (IRC) Section 125) and provides you with an opportunity to receive certain benefits on a pre-tax basis, which means your contributions are exempt from Federal, State, and FICA payroll taxes.

About Employee Benefits Corporation

We work with your employer to offer you the BESTflex plan and provide you with service on the plan when you enroll in it. **We are not your insurance carrier.**

ABOUT THIS DOCUMENT

This document covers the basic aspects of your BESTflex Plan and the associated administration. The *My Company Plan* accompanies this document, and together they provide a Summary Plan Description for your BESTflex Plan, to help you understand the specific benefits offered as part of your employer's plan. You will receive a copy of *My Company Plan* from your employer, or you can access it by logging into *My Account Assistant* from our website, www.ebcflex.com.

A complete *Plan Document* is available from your employer upon request.

My Company Plan contains:

- The plan's effective date
- Your plan year
- Details about your BESTflex Plan Options, explained below
- Contact information for the plan

HOW THE BESTFLEX PLAN AFFECTS OTHER BENEFITS, TAXES AND INSURANCE

Social Security Benefits

The BESTflex Plan generally reduces the amount of your wages used by the Social Security Administration to calculate your Social Security benefit. Consequently, your Social Security retirement or disability income may be less than it would have been had you not participated in the BESTflex Plan. For this reason, you may want to increase your retirement savings to offset the potential loss of Social Security benefits. If you are concerned, discuss it with your local Social Security Administration office or your financial advisor.

Your Tax Return

When you receive your W-2 statement at the end of the year, the amount of wages shown on the form is your total compensation minus any amounts withheld by your employer under the BESTflex Plan or other non-taxable benefits. You report these wages when you fill out your tax return. Your income tax is lower because it is based on a smaller gross taxable income.

Insurance Payments or Benefits

Any payments or benefits that you are entitled to receive from an insurance company, HMO or other provider of benefits are governed by the provider of those benefits and not by this plan.

Health Savings Account Eligibility

Your employer provides you with the opportunity to make pre-tax contributions to a Health Savings Account (HSA) through the BESTflex Plan. To establish and contribute to an HSA, you must be enrolled in a qualified high-deductible health plan (HDHP) and you cannot have any disqualifying health coverage. Some of your BESTflex Plan options may be disqualifying health coverage, so it's important to understand how your plan enrollment may affect your HSA eligibility.

Eligibility to Contribute to an HSA

To be eligible to contribute to an HSA during any month, you must:

- Be covered by an HDHP on the first day of that month. An HDHP is a health plan that meets statutory requirements for annual deductibles (other than for preventive care) and out-of-pocket expenses.
- Not be entitled to Medicare on the first day of that month.
- Not be claimed as a dependent on someone else's tax return for that year.
- Not be covered by any "disqualifying coverage." Refer to the next section for details on disqualifying coverage.

Your employer may establish an HSA for you and select an HSA administrator, or you may select and open your own HSA. You can establish more than one HSA and transfer funds between accounts.

Disqualifying Coverage

In general, disqualifying coverage is any coverage that pays for your medical expenses before a minimum deductible amount, set by law, is reached. That means almost any health plan that is not an HDHP will disqualify you from contributing to an HSA; however, dental, vision, disability, accident, and long-term care coverage are not considered disqualifying.

Disqualifying coverage includes both benefits you elect and coverage you might have under a plan of another person, such as a spouse or parent.

If you (or your spouse, if you're married) intend to make an HSA contribution during your BESTflex plan year, you cannot elect a standard health FSA because it reimburses all medical expenses and is disqualifying coverage. You can elect a limited health FSA because it only reimburses eligible dental or vision expenses.

Examples of disqualifying health coverage include:

- **When you have another employer's health plan:** You will be disqualified from contributing to an HSA if you are covered under your spouse's employer's health plan and it is not an HDHP.
- **When you have a Health Care FSA:** You will be disqualified from contributing to an HSA if you are covered under a standard health FSA (a limited health FSA is permitted).

YOUR BESTFLEX PLAN OPTIONS

You can choose to participate in any of the BESTflex Plan accounts available under your employer's plan design, as long as you are eligible to participate in each account.

Once you elect to participate in the BESTflex Plan, you cannot cancel participation in the BESTflex Plan or change the amount of your payroll withholding during the plan year unless you experience certain events that permit election changes.

Thoughtful planning can minimize forfeiting unspent funds at the end of the plan year. Review the eligible expenses for the plan options for which you are enrolling and estimate the total amount you expect to spend for those expenses during the upcoming plan year. Based on this estimation, carefully decide the amount you want to contribute through your BESTflex Plan. The IRS prohibits returning unused dollars to you.

You are able to decline participation in the BESTflex Plan. If you decline participation, you are not able to enroll in the BESTflex Plan until the following plan year, unless you experience certain events that permit election changes.

Refer to the Permitted Election Change Events section for more information.

Group Insurance Premium Payments

Your employer may withhold money from your paycheck to pay for your medical or other group insurance premiums. Because you have the BESTflex Plan, these insurance premium expenses become an automatic, pre-tax deduction.

Health Savings Accounts

Your employer provides you with the opportunity to set aside funds to be deposited into your HSA. Because you have the BESTflex Plan, these HSA contributions may be deducted pre-tax.

WHO CAN BE COVERED

Federal law determines who can be provided tax-favored coverage through the BESTflex Plan. Usually, this includes any person for whom you can claim a deduction on your personal tax return, explained further in the following sections. This could be a spouse, child, or other dependent, as long as that person is covered by a benefit included in the BESTflex Plan.

Defining what constitutes a "dependent" or "child" varies depending on the type of benefit offered.

Dependent Definition for Group Health Plans

Certain group health plans, such as major medical plans, that offer dependent coverage are required to make coverage available to children of a covered employee until age 26. Although not required to, other health plans may allow children to remain on the plan for that same period. Refer to your individual plan's coverage booklets to determine if dependent coverage is provided through age 26. If the child is

still receiving coverage at age 26, federal law allows the participant to receive tax-favored treatment on the coverage through end of the taxable year in which the child turned age 26.

A **child** for these purposes is someone who is one of the following:

- A son, daughter, stepson or stepdaughter of the taxpayer
- An eligible foster child of the taxpayer
- A legally adopted child of the taxpayer

Dependent Definition for Health Plans Generally

For health plans that provide dependent coverage to more individuals than just the taxpayer's **child** as defined above, or for health plans that are not required, and have not chosen, to provide dependent coverage through age 26, the dependent must be either a **qualifying child** or a **qualifying relative** in order to receive tax-favored treatment:

A **qualifying child** is someone who, for any taxable year:

- Is a child, brother, sister, stepbrother or stepsister of the taxpayer, or a descendent of any such child or relative;
- Is not yet 19 (or is a student who is not yet 24) by the end of that calendar year, or is any age but permanently and totally disabled at any time during the year;
Note: A "student" for this purpose is defined as a full-time student for at least five calendar months during the year.
- Has not provided more than half of his or her own support in that year; and
- Has the same principal place of abode as the taxpayer for more than half of that year.
Note:
 - A child supported by a parent who lives with another relative (such as an aunt), is no longer a dependent of the taxpayer but could be a dependent of the relative
 - Temporary absences due to illness, education, military service, and similar factors do not result in loss of residency with the taxpayer. A child attending college away from home could have the same principal abode as the taxpayer in certain instances.

A **qualifying relative** is someone who, for any taxable year:

- Has a relationship to the taxpayer, either as:
 - A child (or a descendent of a child), brother, sister, stepbrother, stepsister, father, mother (or other ancestor), stepmother, stepfather, niece, nephew, aunt, uncle, or in-law (father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, or daughter-in-law), or
 - Another individual who has the same principal place of abode as the taxpayer and is a member of the taxpayer's household (unless the relationship violates local law);
- Receives half or more of his/her support in the year from the taxpayer; and
- Is not a **qualifying child** of any taxpayer in the year

Citizens or Nationals of Other Countries

An individual can be a dependent only if he or she is a U.S. citizen, a U.S. national, a U.S. resident or a resident of a country contiguous with the U.S. This rule does not apply to an adopted child of a U.S.

citizen or U.S. national, if the child has the same principal place of abode as the taxpayer and is a member of the taxpayer's household.

Dependents in Cases of Divorce or Unmarried Parents

Special rules apply to determine which parent has a dependent child in the case of divorce, legal separation, or the parents living apart. In general, a child is a qualifying child of the custodial parent, defined as the parent with whom the child resides for the longest period of time or the greatest number of nights during the year.

PERMITTED ELECTION CHANGE EVENTS

You can only change your group premium election or FSA election amounts during the plan year if you experience a certain event for which the IRS and the plan permit election changes. If your employer allows you to make contributions to a Health Savings Account (HSA) through the BESTflex Plan, you may stop, increase or decrease your HSA contributions at any time during the plan year, as long as the election change is prospective (that is, after the request for the change is received). All HSA changes become effective on the first of the month.

You may also be able to make changes if you take a family, medical, or military leave of absence. Refer to the Leaves of Absence section for more information.

Notify Your Employer of Changes

If one of the permitted election change events applies to you, inform your employer as soon as possible but no later than 30 days after the event. For Medicaid/State Children's Health Insurance Plan (CHIP) events, you are allowed 60 days to make the change. You may be required to submit a Permitted Election Change Form. If you don't notify your employer within these timeframes, you may not change your election.

Changes are generally effective as of the signature date on the submitted documentation for the change or the event date, whichever is later (see HIPAA Special Enrollment Event below for exceptions). Changes to premium payments may not take effect until a corresponding coverage change is made.

Types of Permitted Election Change Events

- A. **Change In Status Events:** Various events that cause you, your spouse, or your dependent to gain or lose coverage under the BESTflex Plan or a plan of your spouse's employer, and allow you to make an election change that corresponds with that gain or loss of coverage.

There are two steps used to determine whether you can make a change due to one of the following events. **First**, the change of status must occur. **Second**, there must be a gain or loss of eligibility under the plan due to the event.

- a. **Marital status:** Legal changes including marriage, death of a spouse, divorce, legal separation or annulment
- b. **Number of dependents:** Events that change the number of your dependent(s) for tax purposes, including birth, death or adoption

- c. **Employment status:** Changes such as termination or commencement of employment, a change in the number of hours worked, a strike or lockout, a switch between part-time and full-time or vice versa, a work site change, or the beginning or end of an unpaid leave of absence by you, your spouse, or your dependent(s)
 - i. Employees terminated and rehired within 30 days are reinstated at their prior annual elections
 - ii. Employees terminated and rehired after 30 days are not allowed to participate in the FSA until the next plan year
 - iii. Employees beginning or ending an unpaid leave may only change elections if the leave causes a gain or loss of eligibility for the plan
 - d. **Dependent eligibility:** Events that cause your dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status, or similar circumstances
 - e. **Residence:** a change in the residence of you, your spouse, or your dependent that results in a gain or loss of eligibility under a group insurance plan
- B. **HIPAA Special Enrollment Event:** Allows you to make a change that corresponds with special enrollment rights provided under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to individuals who lose other health insurance coverage or become the spouse or dependent of an employee through marriage, birth or adoption; or to a dependent who loses coverage under a state Children's Health Insurance Program (CHIP). Unlike other events, addition of a dependent through birth or adoption may be made retroactive to the event. This event applies to health plans subject to HIPAA's portability provisions; generally your major medical plan only.
- C. **COBRA Events:** If you, your spouse or dependent becomes covered by your employer's coverage through COBRA or similar state continuation law, you may increase your premium contribution to pay for the coverage. This event does not apply to non-health benefits.
- D. **Court Order Event:** Allows you to make a change in accordance with a court order regarding health coverage of your child. You must be able to show that other coverage exists before you can drop coverage. This event does not apply to non-health benefits.
- E. **Entitlement to Medicare or Medicaid Event:** Allows you to make a change if you, your spouse, or your dependent enrolls in or loses Medicare or Medicaid coverage. Enrollment in such coverage allows you, your spouse, or your dependent to decrease or cancel the health coverage under your plan. Losing Medicare or Medicaid coverage allows you, your spouse, or your dependent to increase or enroll in health coverage under the plan. This event only applies to group health benefits and not to non-health benefits.
- F. **Cost Change Events:** Various events allow you to make an election change that corresponds to a change in the cost of your coverage.
- a. **Automatic Change in Cost:** Your Employer may automatically adjust your insurance premium payments as a result of a cost change that arises from an increase or decrease in the cost of the underlying coverage.
 - b. **Significant Change in Cost:** Allows you to increase or decrease your election when the cost of coverage significantly increases or decreases under your Employer's plan,

including if your cost decreases because you become eligible for premium assistance under a state Children's Health Insurance Program (CHIP). This event allows you to add coverage, or drop coverage and add alternative coverage (or just drop if no alternative coverage is available).

- G. **Coverage Change Events:** Various events allow you to make an election change that corresponds to a change in your coverage.
- a. **Addition of or Significant Improvement to a Benefit Option:** Allows you to add or revoke your election with respect to a new benefit package option (or a significant benefit improvement) offered by your employer. Participants may make a change with respect to only that benefit.
 - b. **Elimination or Significant Curtailment of a Benefit Option:** Allows you to make certain changes to your premium election if coverage under your Employer's plan is reduced overall. If the curtailment results in a loss of coverage, you may revoke your election and either drop coverage altogether, or select alternative coverage offered by your employer. If the curtailment does not result in a loss of coverage, you may only revoke your election if you select alternative coverage; you may not simply drop the coverage.
 - c. **Change in Coverage Under Another Employer's Plan Event:** Allows you to make or revoke your election if your spouse or dependent's employer's plan increases coverage, decreases coverage, adds a benefit, or makes new enrollment in its coverage available. Changes must correspond to coverage changes under the other employer's plan – for example, this would allow you to revoke your election mid-year if your spouse's plan offers open enrollment and you actually enroll in your spouse's plan.
 - d. **Loss of Other Coverage Under A Governmental or Educational Institution Plan:** If you, your spouse, or dependent lose coverage under any governmental or educational institution health plan, you may make an election to add coverage under your employer's plan. Some of the governmental plans affected by this rule are: a state Children's Health Insurance Program, an Indian Tribal government health program, a state health benefits risk pool, or a foreign government group health plan. This event does not apply to non-health benefits
- H. **Enrollment in a Another Plan Due to Reduction in Hours:** If you had been reasonably expected to average at least 30 hours of service per week, and your hours have been reduced so that you now are expected to average fewer than 30 hours per week, you may revoke your group health benefit election if the revocation corresponds to your enrollment (no later than the first day of the second month following the month in which you revoked your election) in another plan that provides minimum essential coverage. This event does not apply to non-health benefits
- I. **Enrollment in a Marketplace Health Insurance Plan:** If you become eligible mid-year to enroll in a Marketplace Health Insurance Plan (commonly called "Exchange coverage") during an Exchange special or open enrollment period, you may revoke your election and drop your coverage if you enroll or intend to enroll in Exchange coverage. The Exchange coverage must be effective no later than the first day following the date your employer's coverage ends. This event does not apply to non-health benefits

LEAVES OF ABSENCE

Your employer may offer paid or unpaid leave programs, including leaves of absence governed by state or federal law. If you take a paid leave and do not lose eligibility for your plan benefits, your payroll reduction amounts will continue throughout the paid leave. For any unpaid personal leave (that is, a leave of absence not mandated by state or federal law), your employer's policies will apply with respect to the affect taking leave will have on your BESTflex Plan benefits. Often, such a leave constitutes a change in employment status which, if it affects benefit eligibility, would be a permitted election change event as described in the previous section.

Family and Medical Leave Act (FMLA) Leave

If your employer is covered by the Family and Medical Leave Act, your coverage under any group health plan must be maintained by your employer while you are on leave in the same manner coverage is maintained for an active employee. However, FMLA leave is a special permitted election change event that allows you to revoke your coverage during the leave, either permanently or just for the duration of the leave.

If you choose to keep your coverage while on FMLA leave and any part of the leave is paid, you will continue to have your regular payroll reduction amounts taken from your paycheck as long as you receive one. If the leave is unpaid, you may continue to make your premium payments in one of the following ways:

- By sending monthly payments to your employer by the regular due date. Because you would not receive a paycheck during this time, those payments cannot be pre-tax.
- By making arrangements with your employer prior to the leave beginning to pre-pay all or some of what is expected to be due for the duration of your leave on a pre-tax basis from your pre-leave compensation. You will only be able to pre-pay portions of the leave that fall within the same plan year as the pre-tax deduction.
- By making any other arrangement with your employer that you both agree upon, such as agreeing to have your payments withheld upon your return from leave.

If you don't pay your premium payments while on leave, your employer can terminate your coverage. If your coverage ends for any reason while on FMLA leave, your employer must allow you to resume coverage when you return from leave. Your employer may seek recovery of any unpaid amounts or amounts it paid on your behalf if you don't return to work at the end of your leave, subject to certain exceptions.

Uniformed Services Employment and Reemployment Rights Act (USERRA) Leave

If you leave work for military duty in the Uniformed Services, you have certain rights under this plan. Generally, you are allowed to revoke or continue participation in the plan (assuming you make your share of the contributions). Also, you have the right to be reinstated in the plan when you return from your service. If you go on military duty, please contact your Employer for more information regarding your rights under USERRA.

Please contact your employer if you have other questions about leaves of absence and your benefits.

OPERATION OF THE BESTFLEX PLAN

The BESTflex Plan Administrator is your employer or another entity designated by your employer. The Plan Administrator has full and complete authority, responsibility, discretion, and control over the management, administration, and operation of the BESTflex plan. This includes, but is not limited to:

- Formulating, adopting, issuing, and applying procedures, rules and changes
- Altering or amending such procedures and rules in accordance with the law
- Construing and applying the provisions of the plan
- Making appropriate determinations concerning eligibility for benefits

The Plan Administrator's determinations shall be final, conclusive and binding on all parties, unless otherwise determined by legal process.

Funding

The plan is funded by the general assets of your employer in accordance with the payroll reduction elections you have made under this plan. Your employer may also contribute to the plan. Please refer to *My Company Plan* for details specific to your BESTflex Plan.

Termination and More Information

Assignment of Benefits

You cannot assign your plan benefits to anyone else. The plan will not reimburse anyone other than you or your estate for covered expenses.

Keep Your Employer Informed of Changes

In order to protect you and your family's rights, you should keep your employer or Plan Administrator informed of any changes in address, marital status, or a child's status as a dependent under the group health plan's policy.

Termination of the BESTflex Plan

Your employer reserves the right to modify or terminate the BESTflex Plan at any time. You will be advised of any such change.