CITY OF BENSON

PREMIUM ONLY PLAN

BENEFIT SUMMARY

JULY 1ST, 2024

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TABLE OF CONTENTS

INTRODUCTION

City of Benson (the "Municipality") established the City of Benson Premium Only Plan (the "Plan") effective 07/01/2024. The Plan is a cafeteria plan that is intended to qualify as a premium only plan within the meaning of Code section 125 and the guidance issued thereunder providing for the pre-tax payment of premiums for accident and health insurance.

Although the purpose of this document is to summarize the more significant provisions of the Plan, it is only a summary -- the terms of the plan document ultimately govern the operation and administration of the Plan. The Company and any Municipality who has adopted the Plan is referred to in this document as the "Municipality."

ELIGIBILITY

You are an "Eligible Employee" if you are both an employee of the Municipality or any affiliate who has adopted the Plan and you are eligible for the applicable insurance next following the first day of the calendar month following your date of hire.

However, you are not an "Eligible Employee" if you are any of the following:

- Covered by a collective bargaining agreement that does not provide for participation in this Plan.
- A leased employee.
- A non-resident alien who received no U.S. source earned income.
- A part-time employee who is expected to work fewer than 30 hours per week.

ELECTION PROCEDURES

You may elect to participate in the Benefits under the Plan no later than 30 days after the date you become eligible to participate in the Plan (or a shorter period if established by the Plan Administrator).

If you do not enroll in the Plan when you are newly eligible, you may enroll during the enrollment period established by the Plan Administrator. Your election will be effective as of the first day of the Plan Year following the enrollment period.

You may also enroll in the Plan upon a change in status event as described below.

To enroll in the Plan, you may need to submit a completed election form to the Plan Administrator on or before the date specified by the Plan Administrator.

If you have not previously been eligible to make an election and as of the start of a Plan Year you have not submitted a completed election form by its due date you will be deemed to have elected to participate in the Plan for that Plan Year.

If you have previously been eligible to make an election and as of the start of a Plan Year you have not submitted a completed election form by its due date your election from the prior year will carry forward to the new Plan Year.

Modification of Elections
You may not change your election during a Plan Year unless you experience a change in status. Your change in election must be on account of and correspond with a change in status that affects your eligibility for coverage under the Plan. A brief listing of events that constitute a change in status follows. Please note that there are several conditions and/or limitations that apply to the events listed below. Please contact the Plan Administrator if you have any questions or believe that you may qualify for an election change.

Depending on the Benefit, a "change in status" includes:

- Change in your marital status;
- Change in the number of your dependents;
- Change in your employment status or the employment status of your spouse or dependents;

- Your dependent satisfies or ceases to satisfy eligibility requirements;
- Change in your place of residence;
- Commencement or termination of an adoption proceeding;
- Court judgment, decree, or order;
- Significant cost or other coverage changes;
- You change coverage under another cafeteria plan;
- You take leave under the FMLA;
- You lose coverage under the group health plan due to a reduction in hours;
- You are eligible to enroll in a qualified health plan through the Marketplace.

An election to participate in the Plan is generally irrevocable for the Plan Year. In addition, your election for your premiums will be automatically adjusted for any change in the cost of contracts sponsored by the Municipality as permitted by applicable law.

PREMIUM CONVERSION ACCOUNT

The Plan will establish a Premium Conversion Account in your name when you become an Employee for the payment of premiums under the Municipality-sponsored benefits/contracts listed below unless you affirmatively elect to not participate in the Plan.

Your Premium Conversion Account will be credited with amounts withheld from your compensation. The amount of the contribution to your Premium Conversion Account is equal to the amount of your portion of the premium due for the following benefits/contracts:

- Municipality Health
- Municipality Dental
- Municipality Vision
- Municipality Health Savings Account (HSA)

Your contributions to the Plan are not subject to federal income tax or social security taxes. Please note that while you may enjoy certain tax benefits, there may be some drawbacks to participation in the Plan. For instance, participation in the Plan may lower your social security benefits. You should consult with your professional tax/financial advisor to determine the consequences of your participation in this Plan.

If you are a highly paid employee or an owner of your Municipality, federal law may impose limits on your eligibility to participate in the Plan and/or the benefits you may receive from the Plan. If the Plan Administrator determines that the Plan may fail to satisfy any nondiscrimination requirement or any limitation imposed by the Code, the Plan Administrator may modify your election in order to assure compliance with such requirements or limitations.

If you affirmatively elect not to participate in the Premium Conversion Account for a Plan Year, you will not be enrolled unless and until you elect to participate in the Premium Conversion Account as described in the "Election Procedures" above.

In the event of a conflict between the terms of this Plan and the terms of the applicable contract, the terms of the contract (or the benefit plan under which it is established) will control.

MISCELLANEOUS

Unclaimed Reimbursements
Payments from the Account that are not claimed on a timely basis (for example, checks issued from the Plan that are not timely cashed) will be forfeited and returned to the Plan. Please contact your Plan Administrator about what constitutes "timely" claims of payment from the Plan.

Excess Payments/Reimbursements
If you receive an excess benefit or payment under the Plan, you must immediately repay any such excess payments/reimbursements. You must also reimburse the Municipality for any liability the Municipality may incur for making such payments, including but not limited to, failure to withhold or pay payroll or withholding taxes from such payments or

reimbursements. If you fail to timely repay an excess amount and/or make adequate indemnification, the Plan Administrator may: (i) to the extent permitted by applicable law, offset your salary or wages, and/or (ii) offset other benefits payable to you under this Plan.

Qualified Medical Child Support Orders
In certain circumstances you may be able to change your election under the Plan if the Plan receives a Qualified Medical Child Support Order (QMCSO). You may obtain a copy of the QMCSO procedures from the Plan Administrator, free of charge.

Loss of Benefit
You may lose all or part of your Account(s) under the Plan if the unused balance is forfeited at the end of a Plan Year or if we cannot locate you when your benefit becomes payable to you.

Non-Alienation of Benefits
You may not alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which you may expect to receive, contingently or otherwise, under the Plan.

Amendment and Termination of the Plan
The Municipality may amend or terminate the Plan at any time.

Plan Administrator Discretion
The Plan Administrator has the authority to make factual determinations, to construe and interpret the provisions of the Plan, to correct defects and resolve ambiguities in the Plan. Any construction, interpretation or application of the Plan by the Plan Administrator is final, conclusive and binding on all persons and parties.

Taxation
The Municipality intends that all benefits provided under the Plan will not be taxable to you under federal tax law. However, the Company does not represent or guarantee that any particular federal, state or local income, payroll, personal property or other tax consequence will result from participation in this Plan. You should consult with your professional tax advisor to determine the tax consequences of your participation in this Plan.

Governing Law
The Plan is governed by the laws of AZ to the extent not pre-empted by Federal law.

PLAN INFORMATION

1. The Plan Sponsor and Plan Administrator is City of Benson.

2. The Plan Sponsor's and Plan Administrator's Address is 101 E. 6th Street, Benson, AZ 85602

3. The Plan sponsor's EIN is 86-6000234

4. The Plan Sponsor and Plan Administrator's phone number is 520-586-2245

5. The Plan is a Premium Only Plan (POP) under section 125 of the Internal Revenue Code

6. The Plan's designated agent for service of legal process is the Plan Sponsor. Any legal papers should be delivered to the Plan Sponsor at the address listed above. However, service may also be made upon the Plan Administrator.

7. The Plan Year is the 12-consecutive month period ending on 06/30.

8. Amounts contributed by Plan Participants and the Municipality to the Plan are general assets of the Municipality. All payments of benefits under the Plan are made solely out of the general assets of the Municipality. The Municipality has no obligation to set aside any funds, establish a trust, or segregate any amounts for the purpose of making any benefit payments under this Plan. The Municipality may, in its sole discretion, set aside funds, establish a trust, or segregate amounts for the purpose of making benefit payments under this Plan.