ASCII GROUPS LLC
Premium Conversion Plan
SUMMARY PLAN DESCRIPTION
for the
Cafeteria Plan

TABLE OF CONTENTS

ASCII GROUPS LLC
Premium Conversion Plan

SUMMARY PLAN DESCRIPTION

GENERAL INFORMATION ABOUT THE PLAN

ASCII GROUPS LLC (the "Employer") is pleased to sponsor an employee benefit program known as the Premium Conversion Plan (the "Plan") for you and your fellow employees. It is so-called because it lets you choose from several different benefit programs (which we refer to herein as "Benefit Plan Options") according to your individual needs, and allows you to use Pre-tax Contributions to pay for the benefits by entering into a salary reduction arrangement with your Employer. This Plan helps you because the benefits you elect are nontaxable (i.e., you save Social Security and income taxes on the amount of your salary reduction). Alternatively, you may choose to pay for any of the available benefits with after-tax contributions on a salary deduction basis to the extent described in your enrollment materials.

The Cafeteria Plan is summarized in this document. Information relating to the Plan that is specific to your Employer is described in the Plan Information Summary. For example, you can find the identity of the Third Party Administrator, the Employer and the Plan Administrator in the Plan Information Summary as well as the Plan Number and any applicable contact information. The Cafeteria Plan summary and the attached Appendices constitute the Summary Plan Description for the Premium Conversion Plan. The SPD (collectively, the Summary Plan Description or "SPD") describes the basic features of the Plan, how it operates and how you can get the maximum advantage from it. The Plan is also established pursuant to a plan document into which the SPD has been incorporated. However, if there is a conflict between the official plan document and the SPD, the plan document will govern. Certain terms in this Summary are capitalized. Capitalized terms reflect important terms that are specifically defined in this Summary or in the Plan Document into which this Summary is incorporated. You should pay special attention to these terms as they play an important role in defining your rights and responsibilities under this Plan.

Participation in the Plan does not give any Participant the right to be retained in the employment of his Employer or any other right not specified in the Plan. If you have any questions regarding your rights and responsibilities under the Plan, you may also contact the Plan Administrator (who is identified in the Plan Information Summary).

CAFETERIA PLAN COMPONENT SUMMARY

Q-1. What is the purpose of the Cafeteria Plan?

The purpose is to allow eligible employees to pay for certain benefit plans (“Benefit Plan Options”) with pre-tax dollars ("Pre-tax Contributions"). The Benefit Plan Options to which you may contribute with Pre-tax Contributions are described in the Plan Information Summary.

To the extent Health Savings Accounts are a Benefit Plan Option under this Plan, you may be able to contribute to your personal Health Savings Account (“HSA” as defined in Code Section 223)

under this Plan. If you are permitted to contribute to an HSA, the rules for HSA contributions will be set forth generally in the Plan Information Summary.

Q-2. Who can participate in the Cafeteria Plan?

Each employee of the Employer (or an Affiliated Employer identified in the Plan Information Summary) who (i) satisfies the Cafeteria Plan Eligibility Requirements and (ii) is also eligible to participate in any of the Benefit Plan Options will be eligible to participate in this Cafeteria Plan no earlier than the Cafeteria Plan Eligibility Date. No Pre-tax Salary Reduction may be made unless a proper election is made in accordance with the terms of this SPD. The Cafeteria Plan Eligibility Requirements and Eligibility Date are described in the Plan Information Summary. If you are eligible to participate in this Plan, it does not necessarily mean you are eligible to participate in the Benefit Plan Options. For details on eligibility, benefits and premiums please refer to the plan summary for each Benefit Plan Option.

Q-3. When does my participation in the Cafeteria Plan end?

Your coverage under the Cafeteria Plan ends on the earliest of the following:

(i) The date that you make an election not to participate in accordance with this Cafeteria Plan Summary.
(ii) The date that you no longer satisfy the Eligibility Requirements of this Cafeteria Plan or all of the Benefit Plan Options.
(iii) The date that you terminate employment with the Employer.
(iv) The date that the Cafeteria Plan is either terminated or amended to exclude you or the class of employees of which you are a member.

If your employment with the Employer is terminated during the Plan Year or you otherwise cease to be eligible, your active participation in the Cafeteria Plan will *automatically* cease. If you are rehired within the same Plan Year and are eligible for the Cafeteria Plan (or you become eligible again), you may make new elections if you are rehired or become eligible again more than 30 days after you terminated employment or lost eligibility (subject to any limitations imposed by the Benefit Plan Options). If you are rehired or again become eligible within 30 days of your termination date, your Cafeteria Plan elections that were in effect when you terminated employment or stopped being eligible will be reinstated and remain in effect for the remainder of the Plan Year (unless you are allowed to change your election in accordance with the terms of the Plan).

Q-4. How do I become a Participant?

If you have otherwise satisfied the Cafeteria Plan's eligibility requirements, you become a Participant by signing an individual Salary Reduction Agreement (sometimes referred to as an "Election Form") on which you agree to pay your share of the Benefit Plan Options that you choose with Pre-tax Contributions. You will be provided with a Salary Reduction Agreement on or before your Cafeteria Plan Eligibility Date. You must complete the form and submit it to the Plan Administrator or the Third Party Administrator (per the instructions provided on or with your Salary Reduction Agreement) during one of the election periods described in **Q-6.**, below. You may also enroll during the year if you previously elected not to participate and you experience a

change described below that allows you to become a Participant during the year. If that occurs, you must complete an election change form during the Election Change Period described in **Q-8.**, below. The election that you make under this Plan (whether to make Pre-tax Salary Reductions or not) is generally irrevocable during the Plan Year except as set forth in Q-6 below.

In some cases, the Employer may *require* you to pay your share of the Benefit Plan Option coverage that you elect with Pre-tax Contributions. If that is the case, your election to participate in the Benefit Plan Option(s) will constitute an election under this Cafeteria Plan.

You may be required to complete a Salary Reduction Agreement via telephone or voice response technology, electronic communication or any other method prescribed by the Plan Administrator. In order to utilize a telephone system or other electronic means, you may be required to sign an authorization form authorizing issuance of a personal identification number ("PIN") and allowing such PIN to serve as your electronic signature when utilizing the telephone system or electronic means. The Plan Administrator and all parties involved with Plan administration will be entitled to rely on your directions through use of the PIN as if such directions were issued in writing and signed by you.

Q-5. What are tax advantages and disadvantages of participating in the Cafeteria Plan?

You save both federal income tax and FICA (Social Security) taxes by participating in the Cafeteria Plan. An example in the Plan Information Summary illustrates the tax savings. Cafeteria Plan participation will reduce your taxable compensation and could mean a decrease in your Social Security benefits and/or other benefits (e.g., pension, disability and life insurance) that are based on taxable compensation.

Q-6. What are the election periods for entering the Cafeteria Plan?

The Cafeteria Plan basically has three election periods: (i) the “Initial Election Period,” (ii) the “Annual Election Period,” and (iii) the “Election Change Period,” which is the period following the date you have a Change in Status Event (described below). The following is a summary of the Initial Election Period and the Annual Election Period.

6a. What is the Initial Election Period?

If you want to participate in the Cafeteria Plan when you are first hired, you must enroll during the "Initial Election Period" described in the enrollment materials you will receive. If you make an election during the Initial Election Period, your participation in this Cafeteria Plan will begin on the later of your Eligibility Date or the first pay period coinciding with or next following the date that your election is received. If you are newly hired and make your election no later than thirty (30) days after your hire date, the effective date of coverage is retroactive to the hire date, if permitted by the governing documents of the Benefit Plan Options. This retroactive hire date rule does not apply to any employee who terminates employment and is rehired within 30 days after termination or returns to employment following an unpaid leave of absence of less than 30 days.

Otherwise, the effective date of coverage under the Benefit Plan Options will be the date established in the governing documents of the Benefit Plan Options.

The election that you make during the Initial Election Period is effective for the remainder of the Plan Year and generally cannot be changed during the Plan Year unless you have a Change in Status Event described in **Q-8.**, below. If you do not make an election during the Initial Election Period, you will be deemed to have elected not to participate in this Cafeteria Plan for the remainder of the Plan Year. Failure to make an election under this Cafeteria Plan generally results in no coverage under the Benefit Plan Options; however, the Employer may provide coverage under certain Benefit Plan Options automatically. These automatic benefits are called "Default Benefits." Any Default Benefit provided by your Employer will be identified in the enrollment material. In addition, your share of the contributions for such Default Benefits may be automatically withdrawn from your pay on a pre-tax basis. You will be notified in the enrollment material whether there will be a corresponding Pre-tax Contribution for such default benefits.

6b. What is the Annual Election Period?

The Cafeteria Plan also has an "Annual Election Period" during which you may enroll if you did not enroll during the Initial Election Period or change your elections for the next Plan Year. The Annual Election Period will be identified in the enrollment material distributed to you prior to the Annual Election Period. The election that you make during the Annual Election Period is effective the first day of the next Plan Year and cannot be changed during the entire Plan Year unless you have a Change in Status Event described in **Q-8.**, below. If you fail to complete, sign and file a Salary Reduction Agreement during the Annual Election Period, you may be deemed to have elected to continue participation in the Cafeteria Plan with the same Benefit Plan Option elections that you had on the last day of the Plan Year in which the Annual Election period occurred (adjusted to reflect any increase/decrease in applicable premium/contributions). This is called an "Evergreen Election." Alternatively, the Plan Administrator may deem you to have elected not to participate in the Cafeteria Plan for the next Plan Year if you fail to make an election during the Annual Election Period. The consequences of failing to make an election under this Cafeteria Plan during the Annual Election Period are described in the Plan Information Summary. The Evergreen Election rules do not apply to certain Benefit Plan Options.

The Plan Year is generally a 12-month period (except during the initial or last Plan Year of the Plan). The beginning and ending dates of the Plan Year are described in the Plan Information Summary.

Q-7. How is my Benefit Plan Option coverage paid for under this Plan?

When you elect to participate in both a Benefit Plan Option and this Cafeteria Plan, an amount equal to your share of the annual cost of those Benefit Plan Options that you choose divided by the applicable number of pay periods you have during that Plan Year is deducted from each paycheck after your election date. If you have chosen to use Pre-tax Contributions (or it is a plan requirement), the deduction is made before any applicable federal and/or state taxes are withheld.

An Employer may choose to pay for a share of the cost of the Benefit Plan Options you choose with Non-elective Employer Contributions. The amount of Non-elective Employer Contributions

that is applied by the Employer towards the cost of the Benefit Plan Option(s) for each Participant and/or level of coverage is subject to the sole discretion of the Employer and it may be adjusted upward or downward in the Employer's sole discretion. The Non-elective Employer Contribution amount will be calculated for each Plan Year in a uniform and nondiscriminatory manner and may be based upon your dependent status, commencement or termination date of your employment during the Plan Year, and such other factors that the Employer deems relevant. In no event will any Non-elective Contribution be disbursed to you in the form of additional, taxable compensation except as otherwise provided in the enrollment material or in the Plan Information Summary.

The Employer may provide you with employer contributions over which you have discretion to choose how to apply to the various Benefit Plan Options available under the Cafeteria Plan. These elective employer contributions are called “Flexible Credits” or “Benefit Credits.” The Flexible or Benefit Credit amounts provided by the Employer, if any, and any restrictions on their use, will be set forth in the enrollment material.

Where applicable, Salary Reduction amounts from the last month of one Plan Year may be applied to pay health plan premiums during the first month of the immediately following Plan Year, as long as your Employer does this on a uniform and consistent basis with respect to all Participants.

In addition, if applicable, a terminating employee may elect to have COBRA premiums paid on a pre-tax basis from severance pay for Plan coverage.

Q-8. Under what circumstances can I change my election during the Plan Year?

Generally, you cannot change your election under this Cafeteria Plan during the Plan Year. There are, however, a few exceptions. First, your election will automatically terminate if you terminate employment or lose eligibility under this Cafeteria Plan or under all of the Benefit Plan Options that you have chosen.

Second, you may voluntarily change your election during the Plan Year if you satisfy the following conditions (prescribed by federal law):

(a) You experience a “Change in Status Event” or “Cost of Coverage Change” that affects your eligibility under this Cafeteria Plan and/or a Benefit Plan Option; and

(b) You complete and submit a written Election Change Form within the Election Change period described in the Plan Information Summary.

Change in Status Events and Cost of Coverage Changes recognized by this Cafeteria Plan, and the rules surrounding election changes in the event you experience a Change in Status Event or Cost or Coverage Change are described in the Election Change Chart. The rules regarding Health Savings Account elections (if offered under the plan) will be set forth in the Plan Information Summary.

Third, an election under this Cafeteria Plan may be modified downward during the Plan Year if you are a Key Employee or Highly Compensated Individual (as defined by the Internal Revenue Code), if necessary to prevent the Cafeteria Plan from becoming discriminatory within the meaning of the applicable federal income tax law**.**

If coverage under a Benefit Plan Option ends, the corresponding Pre-tax Contributions will automatically end. No election is needed to stop that contribution.

Q-9. What happens to my participation under the Cafeteria Plan if I take a leave of absence?

Your Employer may elect to continue coverage under one or more of the Benefit Plan Options that you chose while you are absent on a paid leave. If so, you will pay your share of the cost of such coverage that you are required to pay during such a leave by the method normally used during any paid leave (for example, with Pre-tax Salary Reductions).

In the event of unpaid leave (or paid leave where coverage is not required to be continued), you will be permitted to pay your share of the cost of any such Benefit Plan Options that you are permitted to continue during the leave in accordance with policies adopted by your Employer. The payment options offered by the Employer in accordance with such policies will be established in accordance with Code Section 125, FMLA (to the extent applicable), any other applicable federal or state law(s) and any applicable regulations issued thereunder.

Q-10. How long will the Cafeteria Plan remain in effect?

Although the Employer expects to maintain the Cafeteria Plan indefinitely, it has the right to modify or terminate the Cafeteria Plan at any time and for any reason. Plan amendments and terminations will be conducted in accordance with the terms of the Plan Document.

Q-11. What happens if my request for a benefit under this Cafeteria Plan (e.g. an election change or other issue germane to Pre-tax Contributions) is denied?

You will have the right to a full and fair review process. You should refer to Appendix I for a detailed summary of the Claims Procedures under this Plan.

PLAN INFORMATION SUMMARY

This Appendix provides information specific to ASCII GROUPS LLC The Effective Date of this Plan Information Summary is . This Plan Information Summary replaces and supersedes any other Plan Information Summary with an earlier effective date.

I. EMPLOYER/PLAN SPONSOR/THIRD PARTY ADMINISTRATOR INFORMATION

1. Name, address and telephone number of the Employer/Plan Sponsor:	ASCII GROUPS LLC 38345 w 10 MILE RD FARMINGTON, MI 48335 248-476-7600
2. Name, address and telephone number of the Plan Administrator: The Plan Administrator shall have the exclusive right to interpret the Plan and to decide all matters arising under the Plan, including the right to make determinations of fact, and construe and interpret possible ambiguities, inconsistencies or omissions in the Plan and the SPD issued in connection with the Plan.	ASCII GROUPS LLC 38345 w 10 MILE RD FARMINGTON, MI 48335 248-476-7600
3. Employer's federal tax identification number:	451658911
4. Plan Number:	501
5. Effective Date of the Plan: This is the date that the Plan was first established.	November 1, 2020
6. Effective Date of this SPD Note: This is the most recent date of the SPD other than the Plan Information Summary and the Appendices.	
7. Plan Year:	November 1 through October 31
8. Short Plan Year:	through
9. Adopting Employers participating in the Plan:	
10. Third Party Administrator:	NA

II. CAFETERIA PLAN INFORMATION

(a) **Eligibility Requirements and Eligibility Date**. Each Employee who Full Time Employees Working At Least 30 Hours Per week. Those who are eligible for coverage or participation under any of the Benefit Plan Options (“Cafeteria Plan Eligibility Requirements”) will be eligible to participate in this Plan on Immediate Date of Hire ("Cafeteria Plan Eligibility Date").

The Employee’s commencement of participation in the Plan is conditioned on the Employee properly completing and submitting a Salary Reduction Agreement as summarized in this SPD. Eligibility for coverage under any given Benefit Plan Option shall be determined not by this Plan but by the terms of that Benefit Plan Option.

(b) **Annual Election Rules**. With respect to Benefit Plan Option elections, failure to make an election during the Annual Election Period will result in one of the following deemed election(s):

- The employee will be deemed to have elected not to participate during the subsequent plan year. Coverage under the Benefit Plan Options offered under the Plan will end the last day of the Plan Year made.
- The employee will be deemed to have elected to continue his Benefit Plan Option elections in effect as of the end of the Plan Year in which the Annual Election Period took place. This is called an "Evergreen election."

(c) **Change of Election Period**: If you experience a Change in Status Event or Cost or Coverage Change as described in the Cafeteria Plan Summary and in the Election Change Chart, you may make the permitted election changes described in the Election Change Chart if you complete and submit an election change form within 30 days after the date of the event. If you are participating in an insured arrangement that provides a longer election change period, the election change period described in the insurance policy will apply.

(d) **Benefit Plan Options**: The Employer elects to offer to eligible Employees the following Benefit Plan Option(s) subject to the terms and conditions of the Plan and the terms and conditions of the Benefit Plan Options. These Benefit Plan Option(s) are specifically incorporated herein by reference. The maximum Pre-tax Contribution a Participant can contribute via the Salary Reduction Agreement is the aggregate cost of the applicable Benefit Plan Options selected, reduced by any Non-elective Contributions made by the Employer. It is intended that such Pre-tax Contribution amounts will, for tax purposes, constitute an Employer contribution, but may constitute Employee contributions for state insurance law purposes.

The following Benefit Plan Options are made available under the Plan to all those eligible Employees who make an appropriate election.

Health Insurance

Health Insurance

Special Rule for Health Savings Accounts (if and only if identified above as a Benefit Plan Option): The following describes your rights and obligations concerning contributions made under this Plan to your Health Savings Account (as defined in Code Section 223).

Q-1. What is a Health Savings Account for which contributions can be made under this Plan?

A Health Savings Account ("HSA") is a personal savings account established with a Custodian or Trustee to be used primarily for reimbursement of "eligible medical expenses" you (the Account Beneficiary) and your eligible tax dependents (as defined in Code Section 152) incur, as set forth in Code Section 223. The HSA is administered by the HSA Custodian or Trustee or its designee and the terms of the HSA are set forth in the Custodial or Trust Agreement. The HSA is not an Employer-sponsored employee benefit plan. The Employer's role with respect to the HSA is limited to making an HSA available to you and to making contributions to the HSA on your behalf through this Plan (through non-elective Employer contributions and/or pre-tax salary reductions elected by the Account Beneficiary). The fact that contributions to the HSA are made through this Plan should not be construed as endorsement of the HSA by the Employer. The Employer has no authority or control over the funds deposited in the Account Beneficiary's HSA. As such, the HSA identified in the Plan Information Summary is not subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Q-2. Who is eligible for an HSA?

Only individuals who satisfy the following conditions are eligible for an HSA offered under this Plan:

(a) You are enrolled in a qualifying High Deductible Health Plan maintained by your Employer that is identified as a benefit plan option in the Plan Information Summary.

(b) You have opened an HSA with the Custodian chosen by the Employer.

(c) You are not covered under any other non-high deductible health plan maintained by the Employer that is determined by the Employer to offer disqualifying health coverage [Note: You are not eligible for an HSA if you are covered under any non-qualifying coverage whether maintained by the Employer or not (including but not limited to coverage maintained by your Spouse's employer) and it is solely your responsibility to ensure that any other coverage you have that is not maintained by the Employer qualifies under Code Section 223].

(d) You have certified that you are otherwise eligible to participate in the HSA (i.e., you: i) cannot be claimed as a tax dependent; ii) are not enrolled in Medicare coverage; iii) have qualifying high deductible health plan coverage; and iv) have no disqualifying coverage from any other source); and

(e) You are otherwise eligible for this Plan.

Q-3. Who is an Account Beneficiary?

An Account Beneficiary is an eligible Participant who has properly enrolled in an HSA in accordance with the terms of the applicable Custodial Agreement.

Q-4. Who is a Custodian or Trustee?

The Custodian or Trustee is the entity with whom the Account Beneficiary's HSA is established (for purposes of this Plan, use of the term "Custodian" includes a reference to both Custodian and Trustee). The HSA is not sponsored by or maintained by the Employer. The Custodian or its designee will provide each Account Beneficiary with a Custodial Agreement and other information that describes how to enroll in the HSA and your rights and obligations under the HSA. The Employer may choose to restrict contributions made through this Plan to HSAs maintained by a particular Custodian; however, you will be permitted to rollover funds from the HSA offered under this Plan to another HSA of your choosing (in accordance with the terms of the Custodial Agreement).

Q-5. What are the rules regarding contributions made to an HSA under the Plan?

Contributions made under this Plan may consist of both Employee Pre-tax Contributions made pursuant to a Salary Reduction Agreement and/or Non-elective Employer Contributions (if any). You may elect to contribute any amount to the HSA that you wish; however, the maximum amount of all contributions that can be made to the HSA through this Plan (including both Employer non-elective and pre-tax salary reductions) during the Plan Year cannot exceed the maximum amount set forth in Code Section 223(b)(2) (as adjusted for inflation).

If the Account Beneficiary is age 55 or older and the Account Beneficiary properly certifies his or her age to the Employer, the maximum contribution amount described above may be increased by the "additional annual contribution" amount (as set forth in Code Section 223(b)(3)), but only to the extent set forth in the separate written HSA material provided by the Employer and/or the Custodian.

To the extent set forth in the Plan's enrollment material or the HSA communication material, the Employer may automatically withhold Pre-tax Contributions from your compensation to contribute to an HSA unless you affirmatively indicate that you do not wish to contribute to the HSA with pre-tax contributions. Pre-tax Contributions will equal the maximum annual contribution amount set forth above (reduced by any Employer Nonelective Contributions) divided by the number of pay periods remaining during the Plan Year. Non-elective Employer Contributions may be made at any time during the Plan Year in a lump sum amount or through periodic contributions (as determined in the sole discretion of the Employer) and communicated in Plan or HSA enrollment materials.

Your HSA election under this Plan will not be effective until the later of the date that you make your election or the date that you establish your HSA. Employer may adjust contributions made under this Plan as necessary to ensure the maximum contribution amount is not exceeded.

Any Pre-tax Contributions that cannot be made to the HSA because you have been determined to be ineligible for such contribution will be returned to you as taxable compensation or as otherwise

set forth in the Plan enrollment material. Any non-elective contributions that cannot be made to the HSA because the employee is not eligible for such contribution will be returned to the Employer except as otherwise set forth in the applicable communication material.

The Employer may advance contributions to you up to your annual HSA pre-tax salary reduction election made through this Plan (reduced by any prior Pre-tax Contributions made by you during the Plan Year) or such other amount established by the Employer, whichever is less. Advance contributions will be made available to all Participants on non-discriminatory terms and conditions; however, the Employer may condition the advance of such contributions on the occurrence of certain events identified by the Employer in separate written material relating to the Plan. Moreover, you will be required to repay the Employer for advances made through this Plan through means established by the Employer.

In the event excess contributions are made to the Participant's HSA (i.e., the HSA has received contributions in excess of the Maximum Annual Contribution Amount), it will be the sole responsibility of the Participant to work with the Custodian to remove the excess contribution (plus earnings on such contributions) prior to the due date of the Participant's tax return for that tax year and to report the contributions (and earnings) as income when filing taxes at the end of the year.

Q-6. What are the election change rules under this Plan for HSA elections?

You may change your HSA contribution election at least once per month during the plan year for any reason by submitting an election change form to the Plan Administrator (or its designee). Your election change will be prospectively effective as of the first day of the next pay period following the day that you properly submit your election change (or such later date as uniformly applied by the Plan Administrator to accommodate payroll changes). Your ability to make Pre-tax Contributions under this Plan to the HSA ends on the date that you cease to meet the eligibility requirements under this Plan.

Q-7. Where Can I get more Information on my HSA and its related tax consequences?

For details concerning your rights and responsibilities with respect to your HSA (including information concerning the terms of eligibility, qualifying High Deductible Health Plan, contributions to the HSA and distributions from the HSA), please refer to your HSA Custodial Agreement and/or the HSA communication material provided by your Employer.

Special Rule for Vacation buy/Sell Benefits (if and only if offered under the Plan). Employees may elect to buy up to _____ vacation days in addition to the vacation days provided by the employer. In addition, employees may elect to sell up to _____ accrued vacation days in exchange for taxable compensation (such compensation will be prorated by the number of paychecks in the Plan Year and such amount will be included in each paycheck). All elections to purchase or buy vacation days must be made in accordance with the Plan's election procedures. If you buy vacation days, then you must use them by the date established by the Employer (but in no event after the end of the Plan Year) or you will lose them. You will receive the value of unused elective vacation days in your paycheck at the end of the year. In determining whether you have unused elective vacation days, all nonelective vacation days provided by the Employer

will be deemed to be used first. You will not receive cash for any unused nonelective vacation days except as otherwise provided pursuant to the Employer's internal policies and procedures.

Q-8. How does COVID-19 impact my Health Savings Account?

Several laws have been passed to make it easier for you to pay for your medical expenses, including certain expenses related to COVID-19. Some of these laws impact your HSA directly, while others impact the High Deductible Health Plan that covers you in combination with your HSA.

- Expanded HSA Eligible Expenses. You may be reimbursed from your HSA for "eligible medical expenses" that you incur for (1) over-the-counter drugs regardless of whether you have a prescription, and (2) for qualifying menstrual care products (which includes tampons, pads, liners, cup, sponges or any other similar products used for menstruation). This change applies to expenses that you incur on or after January 1, 2020. For additional information, refer to IRS Publication 969 (Health Savings Accounts and Other Tax-Favored Health Plans) once it is updated or contact your tax advisor.
- HDHP Medical Coverage. Your High Deductible Health Plan must cover – at no cost to you – your expenses for COVID-19 diagnostic testing (including the related provider visit to receive the testing), vaccines (once approved) and other recommended preventive services. You may receive these services at no cost even if you have not yet satisfied the High Deductible Health Plan's annual deductible. This change will apply during the COVID-19 public health emergency period. For additional information, you should contact your carrier using the contact information on your insurance card or your employer's human resources department.
- Coverage Other Than Your HDHP. For plan years that begin on or before December 31, 2021, your High Deductible Health Plan or your employer may elect to provide coverage for telehealth visits (regardless of whether they relate to COVID-19) with no cost-sharing or reduced cost-sharing before you have satisfied the plan's annual deductible. This coverage may be provided without impacting your eligibility to contribute to an HSA. For additional information (including whether your High Deductible Health Plan has adopted this change), you should contact your carrier using the contact information on your insurance card or your employer's human resources department.

APPENDIX I
CLAIMS REVIEW PROCEDURE CHART

The Effective Date of this Appendix I is . It should replace and supersede any other Appendix I with an earlier date.

The Plan has established the following claims review procedure in the event you are denied a benefit under this Plan. The procedure set forth below does not apply to benefit claims filed under the Benefit Plan Options.

Step 1: *Notice is received from Third Party Administrator.* If your claim is denied, you will receive written notice from the Third Party Administrator that your claim is denied as soon as reasonably possible, but no later than 30 days after receipt of the claim. For reasons beyond the control of the Third Party Administrator, the Third Party Administrator may take up to an additional 15 days to review your claim. You will be provided written notice of the need for additional time prior to the end of the 30-day period. If the reason for the additional time is that you need to provide additional information, you will have 45 days from the notice of the extension to obtain that information. The time period during which the Third Party Administrator must make a decision will be suspended until the earlier of the date that you provide the information or the end of the 45-day period.

Step 2: *Review your notice carefully*. Once you have received your notice from the Third Party Administrator, review it carefully. The notice will contain:

a. The reason(s) for the denial and the Plan provisions on which the denial is based.
b. A description of any additional information necessary for you to perfect your claim, why the information is necessary and your time limit for submitting the information.
c. A description of the Plan's appeal procedures and the time limits applicable to such procedures.
d. A right to request all documentation relevant to your claim.

Step 3: *If you disagree with the decision, file an Appeal.* If you do not agree with the decision of the Third Party Administrator and you wish to appeal, you must file your appeal no later than 180 days after receipt of the notice described in Step 1. You should submit all information identified in the notice of denial as necessary to perfect your claim and any additional information that you believe would support your claim.

Step 4: *Notice of Denial is received from Third Party Administrator.* If the claim is again denied, you will be notified in writing as soon as possible but no later than 30 days after receipt of the appeal by the Third Party Administrator.

Step 5: *Review your notice carefully.* You should take the same action that you took in Step 2 described above. The notice will contain the same type of information that is provided in the first notice of denial provided by the Third Party Administrator.

Step 6: *If you still disagree with the Third Party Administrator's decision, file a Second Level Appeal with the Plan Administrator.* If you still do not agree with the Third Party Administrator's decision and you wish to appeal, you must file a written appeal with the Plan Administrator within the time period set forth in the first level appeal denial notice from the Third Party Administrator. You should gather any additional

information that is identified in the notice as necessary to perfect your claim and any other information that you believe would support your claim.

If the Plan Administrator denies your Second Level Appeal, you will receive notice within 30 days after the Plan Administrator receives your claim. The notice will contain the same type of information that was referenced in Step 1 above.

Important Information

Other important information regarding your appeals:

- On each level of appeal, the claims reviewer will review relevant information that you submit even if it is new information.
- You cannot file suit in federal court until you have exhausted these appeals procedures.

APPENDIX II

TAX ADVANTAGES EXAMPLE

The Effective Date of this Appendix II is . It should replace and supersede any other Appendix II with an earlier date.

As indicated in the SPD, participating in the Plan can actually increase your take-home pay. Consider the following example:

You are married and have one child. The Employer pays for 80% of your medical insurance premiums, but only 40% for your family. You pay $2,400 in premiums ($400 for your share of the employee-only premium, plus $2,000 for family coverage under the Employer's major medical insurance plan). You earn $50,000 and your Spouse (a student) earns no income. You file a joint tax return.

	If you participate in the cafeteria Plan		If you do not participate in the cafeteria plan
1. Gross Income	**$50,000**		**$50,000**
2. Salary Reductions for Premiums	**$2,400 (pre-tax)**		**$0**
3. Adjusted Gross Income	**$47,600**		**$50,000**
4. Standard Deduction	**($9,700)**		**($9,700)**
5. Exemptions	**($9,300)**		**($9,300)**
6. Taxable Income	**$28,600**		**$31,000**
7. Federal Income Tax (Line 6 x applicable tax schedule)	**($3,594)**		**($3,954)**
8. FICA Tax (7.65% x Line 3 Amount	**($3,641)**		**($3,825)**
9. After Tax Contributions	**($0)**		**($2400)**
10. Pay after taxes & contributions	**$40,365**		**$39,821**
11. Take Home Pay Difference	**$544**		

APPENDIX III

ELECTION CHANGE CHART

The Effective Date of this Appendix III is . It should replace and supersede any other Appendix III with an earlier date.

The following is a summary of the election changes that are permitted under this Plan. Also, election changes that are permitted under this Plan may not be permitted under the Benefit Plan Option (e.g., the insurance carrier may not allow a change). If a change is not permitted under a Benefit Plan Option, no election change is permitted under the Plan. Likewise, a Benefit Plan Option may allow an election change that is not permitted by this Plan. In that case, your pre-tax reduction may not be changed even though a coverage change is permitted. For a description of the election change rules for Health Savings Accounts (if made available through the Plan), see the Health Savings Account section of the Plan Information Summary.

First, read the following description of the general rules established by the IRS regarding election changes. Then, you should look to the chart to determine under what circumstances you are permitted to make an election under this Plan and the scope of the changes you may make.

1. **Change in Status**. Election changes may be allowed if a Participant or a Participant's Spouse or Dependent experiences one of the Change in Status Events set forth in the chart. The election change must be on account of and correspond with the Change in Status Event as determined by the Plan Administrator (or its designated Third Party Administrator). With the exception of enrollment resulting from birth, placement for adoption or adoption, all election changes are prospective (generally the first of the month following the date you make a new election with the Third Party Administrator but it may be earlier depending on the Employer's internal policies or procedures). A Change in Status affects eligibility for coverage if it results in an increase or decrease in the number of Dependents who may benefit under the Plan. In addition, you must also satisfy the following specific requirements:

- *Loss of Dependent Eligibility*. For accident and health benefits (e.g., health, dental and vision coverage), the election change must be consistent with the Change in Status. This applies to a Change in Status involving a divorce, annulment or legal separation, the death of a Spouse or Dependent or a Dependent ceasing to satisfy the eligibility requirements for coverage. However, there are instances in which you may be able to increase your Pre-tax Contributions to pay for COBRA coverage of a Dependent. Contact the Third Party Administrator for more information.

  Example: Employee Mike is married to Sharon, and they have one child. Mike elects family coverage for himself, his wife Sharon and their child. Mike and Sharon subsequently divorce during the plan year; Sharon loses eligibility, while the child is still eligible for coverage. Mike now wishes to cancel his previous election and elect no health coverage. The divorce between Mike and Sharon constitutes a Change in Status. An election to cancel coverage for Sharon and change to employee-plus-one-dependent is consistent with this Change in Status. However, an election to cancel coverage for Mike and/or the child is not consistent with this Change in Status.
- *Gain of Coverage Eligibility Under Another Employer's Plan*. For a Change in Status in which a Participant, Spouse or Dependent gains eligibility for coverage under another employer's cafeteria plan or benefit plan as a result of a change in marital status or a change in employment status, an election to cease or decrease coverage for that

individual under the Plan would correspond with that Change in Status *only* if coverage for that individual becomes effective or is increased under the other employer's plan.

- *Group Term Life Insurance, Disability Income or Accidental Death and Dismemberment Benefits (if offered under the Plan; see the list of Benefit Plan Options offered under the Plan.).* For group term life insurance, disability income and accidental death and dismemberment benefits only if a Participant experiences any Change in Status (as described above), an election to either increase or decrease coverage is permitted.

  Example: Employee Mike is married to Sharon and they have one child. The employer's plan offers a cafeteria plan which funds group-term life insurance coverage (and other benefits) through salary reduction. Mike elects $10,000 of group-term life insurance. Mike and Sharon subsequently divorce during the plan year. The divorce constitutes a Change in Status. An election by Mike either to increase or to decrease his group-term life insurance coverage would each be consistent with this Change in Status.

2. **Special Enrollment Rights.** If a Participant, Participant's Spouse and/or Dependent are entitled to special enrollment rights under a Benefit Plan Option that is a group health plan, an election change to correspond with the special enrollment right is permitted. An election change that corresponds with a special enrollment must be prospective, unless the special enrollment is attributable to the birth, adoption or placement for adoption of a child, which may be retroactive up to 30 days. Please refer to the group health plan summary description for an explanation of special enrollment rights.

   Example: Employee Mike is married to Sharon. He declines enrollment in medical coverage for himself, Sharon and one child because of outside medical coverage. They then lose coverage due to certain reasons (e.g., legal separation, divorce, death, termination of employment, reduction in hours or exhaustion of COBRA period). Mike may now elect medical coverage under the Plan for himself, Sharon and the child. Furthermore, Mike gains a new Dependent as a result of marriage, birth, adoption, or placement for adoption, he may also be able to enroll himself, his Spouse, and the newly acquired Dependent, provided that a request for enrollment is made within the Election Change Period.

3. **Certain Judgments, Decrees and Orders**. If a judgment, decree or order from a divorce, separation, annulment or custody change requires a Dependent child (including a foster child who is your tax Dependent) to be covered under this Plan, an election change to provide coverage for the Dependent child identified in the order is permissible. If the order requires that another individual (such as your former Spouse) cover the Dependent child, and such coverage is actually provided, you may change your election to revoke coverage for the Dependent child.

4. **Entitlement to Medicare or Medicaid.** If a Participant or the Participant's Dependents become entitled to Medicare or Medicaid, an election to cancel that person's accident or health coverage is permitted. Similarly, if a Participant or Participant's Dependents who have been entitled to Medicare or Medicaid loses eligibility for such, you may elect to begin or increase that person's accident or health coverage.

5. **Change in Cost**. If the cost of a Benefit Plan Option significantly increases, a Participant may choose to make an increase in contributions, revoke the election and receive coverage under another Benefit Plan Option that provides similar coverage or drop coverage altogether *if no similar coverage exists*. If the cost of a Benefit Plan Option significantly decreases, a Participant who elected to participate in another Benefit Plan Option may revoke the election and elect to receive coverage provided under the Benefit Plan Option that decreased in cost. In addition, otherwise eligible employees who elected not to participate in the Plan may elect to participate in the Benefit Plan Option that decreased in cost. For *insignificant* increases or decreases in the cost of Benefit Plan Option options, however, Pre-tax

Contributions will automatically be adjusted to reflect the minor change in cost. The Plan Administrator will have final authority to determine whether the requirements of this section are met.

Example: Employee Mike is covered under an indemnity option of his employer's health insurance. If the cost of this option significantly increases, the Employee may make a corresponding increase in his payments or may revoke his election and elect coverage another health plan option.

6. **Change in Coverage**. If coverage under a Benefit Plan Option is significantly curtailed, a Participant may elect to revoke an election and elect coverage under another Benefit Plan Option that provides similar coverage. If the significant curtailment amounts to a complete loss of coverage, a Participant may also drop coverage if no other similar coverage is available. Further, if the Plan adds or significantly improves a benefit option during the Plan Year, a Participant may revoke his election and elect to receive, on a prospective basis, coverage provided by the newly added or significantly improved option, so long as the newly added or significantly improved option provides similar coverage. Also, a Participant may make an election change that is on account of and corresponds with a change made under another employer plan (including a plan of the Employer or another employer), so long as: (a) the other employer plan permits its participants to make an election change permitted under the IRS regulations; or (b) the Plan Year for this Plan is different from the Plan Year of the other employer plan. Finally, a Participant may change his election to add coverage under this Plan for the Participant, the Participant's Spouse or Dependents if such individual(s) loses coverage under any group health coverage sponsored by a governmental or educational institution. The Plan Administrator will have final discretion to determine whether the requirements of this section are met.

The following is a summary reflecting the election changes that may be made under the Plan with respect to each Benefit Plan Option. In addition, election changes that are permitted under this Plan are subject to any limitations imposed by the Benefit Plan Options. If an election change is permitted by this Plan but not by the Benefit Plan Option, no election change under this Plan is permitted.

ELECTION CHANGE SUMMARY

I. Change in Status

A. Change in Legal Marital Status

i. **Gain of Spouse (e.g., marriage)**

1. **Major Medical:** Employee may enroll or increase election for newly eligible Spouse and Dependents. Under "tag-along" rule, new and preexisting Dependents may be enrolled. Coverage option (e.g., HMO to PPO) change may be made. Employee may revoke or decrease Employee's or Dependent's coverage only when such coverage becomes effective or is increased under the Spouse's plan.
2. **Dental and Vision:** Same as Major Medical.
3. **Employee Group Life, AD&D and Disability Coverage**: Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

ii. **Loss of Spouse (e.g., divorce, legal separation, annulment or Spouse's death)**

1. **Major Medical:** Employee may revoke election only for Spouse. Coverage option (e.g., HMO to PPO) change may be made. Employee may elect coverage for self or Dependents that lose eligibility under Spouse's plan. Under "tag-along" rule, any Dependents may be enrolled so long as at least one dependent has lost coverage under Spouse's plan.
2. **Dental and Vision:** Same as Major Medical.

3. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

B. Change in Number of Dependents

i. **Gain of Dependent (e.g., birth or adoption)**

1. **Major Medical:** Employee may enroll or increase coverage for newly eligible Dependent (and other Dependents not previously covered under "tag-along" rule). Coverage option (e.g., HMO to PPO) change may be made. Employee may revoke or decrease Employee's or dependent's coverage if Employee becomes eligible under Spouse's plan.
2. **Dental and Vision:** Same as Major Medical.
3. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

ii. **Loss of Dependent (e.g., death)**

1. **Major Medical:** Employee may drop coverage only for the Dependent that loses eligibility. Coverage option (e.g., HMO to PPO) change may be made.
2. **Dental and Vision:** Same as Major Medical.
3. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

C. Change in Employment Status that Affects Eligibility

i. **Commencement of Employment/Change in Employment Status That Triggers Eligibility**

1. **For Employee:**
   a. **Major Medical:** Employee may add coverage for Employee, Spouse or Dependents. Coverage option (e.g., HMO to PPO) change may be made.
   b. **Dental and Vision:** Same as Major Medical.
   c. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.
2. **For Spouse or Other Dependent:**
   a. **Major Medical:** Employee may revoke or decrease election when a corresponding election is made to a Spouses or Dependent's coverage. Coverage option (e.g., HMO to PPO) change may be made.
   b. **Dental and Vision:** Same as Major Medical.
   c. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

ii. **Employment Termination/Change in Employment Status That Causes Loss of Eligibility (e.g., full-time to part-time status, salaried to hourly pay basis)**

1. **For Employee**
   a. **Major Medical:** Employee may revoke or decrease election for Employee, Spouse or Dependents that lose eligibility. In addition, other previously eligible Dependents may also be enrolled under "tag-along" rule. Coverage option (e.g., HMO to PPO) change may be made.
   b. **Dental and Vision:** Same as Major Medical.

c. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

2. **For Spouse or Other Dependent:**
   a. **Major Medical:** Employee may enroll or increase election for Employee, spouse or Dependents that lose eligibility under Spouse's or Dependent's employer's plan. In addition, other previously eligible Dependents may also be enrolled under "tag-along" rule. Coverage option (e.g., HMO to PPO) change may be made.
   b. **Dental and Vision:** Same as Major Medical.
   c. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.
3. **Termination and Rehire of Employee:**
   Generally, if rehire occurs within 30 days, prior elections that were in effect at termination are reinstated unless another event has occurred that allows a change. Alternatively, Employer may prohibit participation until the next plan year. If rehire occurs after 30 days, employee may make new elections.

D. Change in Employment Status that Does Not Affect Eligibility

i. An employee who was expected to average 30 hours of service or more per week in a month experiences an employment status change (such as change from full-time to part-time) such that the employee is no longer expected to average 30 hours or more per week each month

1. **Major Medical:** Employee may prospectively revoke election provided that (i) the Employee makes his or her requested election change within the Plan's election change period and (ii) the Employee certifies his or her intent to enroll the Employee and any other Dependents whose coverage is revoked in another plan that provides minimum essential coverage that is effective no later than the first day of the second month following the month that includes the date the original coverage is revoked.
2. **Dental and Vision:** No change allowed.
3. **Employee Group Life, AD&D and Disability Coverage:** No change allowed.

E. Marketplace Eligibility

i. Employee is eligible to enroll in a Qualified Health Plan offered in the Marketplace during the Marketplace's special or annual enrollment period.

1. **Major Medical:** Employee may prospectively revoke election provided that (i) Employee makes his or her change within the Plan's election change period and (ii) the Employee certifies his or her intent to enroll the Employee and any other Dependents whose coverage is revoked in new coverage under a Qualified Health Plan that is effective beginning no later than the day immediately following the last day of the original coverage that is revoked.
2. **Dental and Vision:** No change allowed.
3. **Employee Group Life, AD&D and Disability Coverage**: No change allowed.

F. Change of Dependent Status

i. **Newly Eligible Dependent**

1. **Major Medical:** Employee may enroll or increase election for affected Dependent. In addition, other previously eligible Dependents may also be

enrolled under "tag-along" rule. Coverage option (e.g., HMO to PPO) change may be made.

2. **Dental and Vision:** Same as Major Medical.
3. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

ii. **Newly Ineligible Dependent**

1. **Major Medical:** Employee may decrease or revoke election only for affected Dependent. Coverage option (e.g., HMO to PPO) change may be made.
2. **Dental and Vision:** Same as Major Medical.
3. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

G. Change in Residence

i. **Move Triggers Eligibility**

1. **Major Medical:** Employee may enroll or increase election for newly eligible individual. Also, other previously eligible Dependents may be enrolled under "tag-along" rule. Coverage option (e.g., HMO to PPO) change may be made.
2. **Dental and Vision:** Same as Major Medical.
3. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

ii. **Move Causes Loss of Eligibility**

1. **Major Medical:** Employee may revoke election or make new election if the change in residence affects eligibility.
2. **Dental and Vision:** Same as Major Medical.
3. **Employee Group Life, AD&D and Disability Coverage:** Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

II. Insignificant Cost Changes With Automatic Increase/Decrease in Elective Contributions (initiated by Employer or Employee)

Note: The Plan has final authority to determine when a cost change is significant or insignificant based on a reasonable assessment of the facts and circumstances.

A. Major Medical: Plan may automatically increase or decrease (on a reasonable and consistent basis) affected Employees' elective contributions under the Plan.

B. Dental and Vision: Same as Major Medical.

C. Employee Group Life, AD&D and Disability Coverage: Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

III. Significant Cost Changes

Note: The Plan has final authority to determine when a cost change is significant or insignificant based on a reasonable assessment of the facts and circumstances.

A. Significant Cost Increase

i. **Major Medical:** Employee may increase election or revoke election and elect coverage under another benefit option providing similar coverage. If no other option providing similar coverage is available, Employee may revoke election.

ii. **Dental and Vision:** Same as Major Medical.

iii. **Employee Group Life, AD&D and Disability Coverage:** Same as Major Medical.

B. Significant Cost Decrease

i. **Major Medical:** Employee may decrease election or elect coverage with decreased cost while revoking election for similar coverage option. In the latter case, the "tag-along" rule applies.

ii. **Dental and Vision:** Same as Major Medical.

iii. **Employee Group Life, AD&D and Disability Coverage:** Same as Major Medical.

IV. Significant Coverage Curtailment (e.g., significant increase in deductibles, co-payments or out-of-pocket maximums)

Note: The Plan has final authority to determine when coverage curtailment is significant or insignificant based on a reasonable assessment of the facts and circumstances.

A. Without Loss of Coverage

i. **Major Medical:** Employee may revoke election and make new prospective election for coverage under another benefit option providing similar coverage.
ii. **Dental and Vision:** Same as Major Medical.
iii. **Employee Group Life, AD&D and Disability Coverage:** Same as Major Medical.

B. With Loss of Coverage

i. **Major Medical:** Employee may revoke election and make new prospective election for coverage under another benefit option providing similar coverage. Alternatively, Employee may revoke election for similar coverage option.
ii. **Dental and Vision:** Same as Major Medical.
iii. **Employee Group Life, AD&D and Disability Coverage:** Same as Major Medical.

V. Addition or Significant Improvement of Benefit Option

A. Major Medical: Eligible employees (whether currently participating or not) may revoke their existing election and elect the newly added or improved option. The "tag-along" rule applies.
B. Dental and Vision: Same as Major Medical.
C. Employee Group Life, AD&D and Disability Coverage: Same as Major Medical.

VI. Change in Coverage Under Other Employer's Plan (including Open Enrollment)

A. Other Employer's Plan Increases Coverage

i. **Major Medical:** For an election of or increase in the other employer's coverage, employee may decrease coverage or revoke election in Employer's Plan. For a revoked election of or decrease in the other employer's coverage, Employee may increase coverage or make an election in Employer's Plan. During Open Enrollment under other employer's plan, Employee can make corresponding changes to Employer's Plan.
ii. **Dental and Vision:** Same as Major Medical.
iii. **Employee Group Life, AD&D and Disability Coverage:** Same as Major Medical.

VII. Loss of Group Health Coverage Sponsored by Governmental or Educational Institution

A. Major Medical: Employee may enroll or increase election for Employee, Spouse or Dependent loses coverage sponsored by a governmental or educational institution. The "tag-along" rule applies.
B. Dental and Vision: Same as Major Medical.
C. Employee Group Life, AD&D and Disability Coverage: Same as Major Medical.

VIII. FMLA Leave

Note: Employees who continue coverage under FMLA may – at Employer's sole discretion – pay for coverage according to one of the following methods:

- pre-pay on a pre-tax basis (so long as the leave does not cover two plan years)
- pay on an ongoing basis, as determined by Employer's FMLA policy (pre-tax if receiving salary continuation)
- catch up upon returning from leave

A. Commencement of Leave

i. **Major Medical:** Employee can make same elections as Employee on non-FMLA leave. In addition, Employer must allow an Employee on unpaid FMLA leave either to revoke

coverage or to continue coverage, but allow Employee to discontinue payment of his share of the contribution during the leave (the Employer may recover the Employee's share of contributions when the Employee returns to work). FMLA also allows an Employer to require that Employees on paid FMLA leave continue coverage if Employees on non-FMLA paid leave are required to continue coverage.

ii. **Dental and Vision:** Same as Major Medical.

iii. **Employee Group Life, AD&D and Disability Coverage:** Same as Major Medical.

B. Return from Leave

i. **Major Medical:** Employee may make a new election if coverage terminated while on FMLA leave. In addition, an Employer may require an Employee to be reinstated in his election upon return from leave if Employees who return from a non-FMLA paid leave are required to be reinstated in their elections.

ii. **Dental and Vision:** Same as Major Medical.

iii. **Employee Group Life, AD&D and Disability Coverage:** Same as Major Medical.

IX. HIPAA Special Enrollment Rights

A. Loss of Other Health Coverage

i. **Major Medical:** Employee may elect coverage for Employee, Spouse or Dependent who has lost other coverage.

ii. **Dental and Vision:** No change allowed.

iii. **Employee Group Life, AD&D and Disability Coverage:** No change allowed.

B. Acquisition of New Dependent by Birth, Marriage, Adoption or Placement for Adoption (newly born/adopted Dependents have coverage retroactive to birth/adoption date)

i. **Major Medical:** Employee may elect coverage for Employee, Spouse or Dependent.

ii. **Dental and Vision:** No change allowed.

iii. **Employee Group Life, AD&D and Disability Coverage:** No change allowed.

C. Termination of Medicaid or CHIP Coverage. Effective April, 1, 2009, if the Employee or Dependent is covered under a Medicaid plan under Title XIX of the Social Security Act or under a state child health insurance plan (CHIP) under Title XXI of such Act and such coverage is terminated as a result of loss of eligibility, the Employee must make a written request to the Plan Administrator no later than 60 days after coverage is terminated.

1**.Major Medical:** Employee may elect coverage for Employee, Spouse or Dependent.

2**.Dental and Vision:** No change allowed.

3**.Employee Group Life, AD&D and Disability Coverage:** No change allowed.

D. Eligibility for Employment Assistance under Medicaid or CHIP. Effective April 1, 2009, if the employee or Dependent becomes eligible for Medicaid or CHIP assistance with respect to coverage under the Major Medical Plan (including any waiver or demonstration project under Medicaid or CHIP), the Employee must make a written request to the Plan Administrator no later than 60 days after the date the Employee or Dependent is determined to be eligible for such assistance.

1**.Major Medical:** Employee may elect coverage for Employee, Spouse, or Dependent.

2**.Dental and Vision:** No change allowed.

3**.Employee Group Life, AD&D and Disability Coverage:** No change allowed.

X. COBRA and State Continuation Coverage Qualifying Events

A. Major Medical: Employee may increase pre-tax contributions under Employer's plan for coverage if the qualifying event occurs with respect to the Employee, Spouse or Dependents.

B. Dental and Vision: Same as Major Medical.

C. Health FSA: Same as Major Medical.

D. Dependent Care FSA: No change allowed.

E. Employee Group Life, AD&D and Disability Coverage: No change allowed.

XI. Judgment, Decree or Order

A. Order Requiring Employee to Cover Child (e.g., QMCSO)

i. **Major Medical:** Employee may change election to provide coverage for the child.
ii. **Dental and Vision:** Same as Major Medical.
iii. **Employee Group Life, AD&D and Disability Coverage:** No change allowed.

B. Order Requiring Spouse, Former Spouse or Other Individual to Cover Child

i. **Major Medical:** Employee may change election to terminate coverage for child.
ii. **Dental and Vision:** Same as Major Medical.
iii. **Employee Group Life, AD&D and Disability Coverage:** No change allowed.

XII. Medicare or Medicaid

A. Medicare or Medicaid Entitlement (i.e., enrollment) other than coverage solely for pediatric vaccines

i. **Major Medical:** Employee may revoke an election or decrease coverage for Employee, Spouse or Dependent, as applicable.
ii. **Dental and Vision:** No change allowed.
iii. **Employee Group Life, AD&D and Disability Coverage:** No change allowed.

B. Loss of Eligibility for Medicare or Medicaid other than coverage solely for pediatric vaccines

i. **Major Medical:** Employee may commence or increase coverage for Employee, Spouse or Dependent, as applicable.
ii. **Dental and Vision:** No change allowed.
iii. **Employee Group Life, AD&D and Disability Coverage:** No change allowed.

Nondiscrimination Testing Guidelines

All cafeteria plans must pass three nondiscrimination tests to prove that the plan is nondiscriminatory in favor of highly compensated or key employees of an organization. The tests include an eligibility test, a key employee concentration test and a contributions and benefits test.

PLEASE NOTE: A safe harbor exists for Premium-Only Plans (POPs) where the POP will be deemed to satisfy all nondiscrimination tests if it "*satisfies the safe harbor percentage test for eligibility.*" For example, a POP that might fail the Key Employee Concentration Test would be deemed to pass all tests if it passed the Eligibility Test. See §1.125-7(f) for more information.

Most Benefit Plan Options (e.g., Health and Dependent Care Flexible Spending Arrangements) offered under the Plan also have to satisfy nondiscrimination tests. Those tests are not discussed herein. Contact your tax or legal advisor to discuss the nondiscrimination tests for each Benefit Plan Option.

1. **Eligibility Test**

   The plan may not discriminate in favor of highly compensated employees (HCE) (see below for description) as to eligibility to participate. In order to pass this test, the plan must meet these requirements:

   a. No employee is required to complete more than three years of employment to participate (waiting period); and the same employment requirements apply to all employees.
   b. Individuals who have satisfied the waiting period will begin participation no later than the first day of the first plan year beginning the date they satisfied the waiting period.
   c. The plan benefits employees who qualify under a reasonable classification (i.e., salaried vs. hourly) and the classification is nondiscriminatory.

2. **Overall Concentration Test (Key Employee Concentration Test)**

   Benefits provided to key employees (see below for description) under the entire cafeteria plan may not exceed 25% of the benefits provided to all participants. This would include employee and employer premium payments. This does not apply to government plans.

3. **Contribution and Benefits Test**

   The availability test is satisfied if a plan gives each participant an equal opportunity to select the qualified benefits**.**

A Highly Compensated Employee for the Code Section 125 Eligibility test means:

1. An officer;
2. A shareholder owning more than 5% of the employer during the testing year or preceding year; or
3. An employee, who during the preceding year, received more than $130,000 (2020) or $125,000 (2019) in compensation or
4. A Spouse or Dependent of any of the foregoing.

A Key Employee is defined in Section 416(i) as any employee, who during the current year, is:

1. An officer who is expected to have compensation in excess of $185,000 (2020) or $180,000 (2019) in the testing year;
2. A more than 5% owner; or

3. A more than 1% owner expected to have annual compensation in excess of $185,000 (2020) or $180,000 (2019 in the testing year.

25% "Key Employee" Concentration Test Worksheet

This test requires that not more than 25% of the Plan's nontaxable benefits that are provided to all employees in the aggregate can be provided to Key Employees. Testing is on a Plan Year basis. However, the testing should be completed prior to the start of the year and periodically throughout the year as conditions change. In this manner, changes to the Key Employees' elections can be made in order for the Plan to be in compliance with the test. If the plan is discriminatory for this test, Key Employees must include in income the entire amount of the Plan's contributions.

Instructions: Determine if any Key Employees (see definition on prior page) are participating. If not, no need to test. If yes, follow numbers below:

1. Total Key Employee Benefits (A)

2. Total all Benefits (includes Key Employee Benefits) (B)

3. Determine percentage of Key Employee Benefits to the aggregate of all Benefits.

$$\frac{\mathbf{A}}{\mathbf{B}} = \frac{\qquad\qquad}{\textbf{(Must be = or < 25\%)}}\%$$