APPENDIX B
DEPENDENT CARE ASSISTANCE PLAN

This Appendix B contains the terms and conditions specific to the DCAP benefit under Section 4.01(B) of the Flexible Benefits Plan. Under the Dependent Care Assistance Plan, a Participant may be reimbursed, on a pre-tax basis, for Qualified Dependent Care Expenses incurred during a Plan Year. Unless otherwise altered by the terms of this Appendix B, the terms and conditions of the Flexible Benefits Plan are incorporated into and made applicable to this Dependent Care Assistance Plan.

ARTICLE B-I
DEPENDENT CARE REIMBURSEMENT

Section B1.01 Qualified Dependent Care Expense. The term “Qualified Dependent Care Expense” means an amount paid by the Participant for care of a Dependent, including related household services, which enables the Participant to be gainfully employed.

(A) Dependent Care Expenses That Are Not “Qualified.” Qualified Dependent Care Expenses do not include the following:

(1) Amounts paid to a child of the Participant who is under age 19;

(2) Amounts paid to an individual for whom the Participant or the Participant’s Dependent-Spouse is entitled to an exemption under Code § 151(c); and

(3) Amounts paid to a dependent care center that is not a Dependent Care Center as defined in Section B1.01(D) of this Flexible Benefits Plan.

(B) Special Rule for Services Performed Outside the Home. Amounts paid for services performed outside the Participant’s household are not Qualified Dependent Care Expenses unless the expenses are for a Dependent as defined in Sections B1.01(C)(1) or B1.01(C)(2) of this Flexible Benefits Plan who spends at least eight hours each day in the Participant’s home.

(C) Dependent. For purposes of this DCAP benefit, the term “Dependent” means an individual who satisfies the requirements under (1) or (2) below:

(1) A dependent of the Participant as defined in Code § 152(a)(1) (i.e., a “qualifying child” who has not attained the age of 13); or

(2) A dependent of the Participant who:

(a) Falls within the definition of dependent under Code § 152 but without regard to subsections (b)(1), (b)(2), and (d)(1)(B) of Code § 152; and
(b) Is physically or mentally incapable of caring for himself / herself; and

(c) Has the same principal place of abode as the Participant for more than one-half of the Plan Year.

(3) A Participant's Spouse who is physically or mentally incapable of caring for himself / herself and who has same principal place of abode as the Participant for more than one-half of the Plan Year.

(D) **Dependent Care Center.** The term “Dependent Care Center” means a facility, organized and operated in compliance with all applicable laws and regulations, for care of more than six persons, including one or more Dependents of the Participant, other than persons who reside there and which facility receives a fee, payment or grant for providing services for any of the six individuals regardless of whether the facility operates at a profit.

**Section B1.02 Reimbursement of Qualified Dependent Care Expenses.** The Employer will reimburse a Participant for his/her Qualified Dependent Care Expenses incurred during the Plan Year subject to the other limitations of this Flexible Benefits Plan. The Employer will only reimburse for Qualified Dependent Care Expenses incurred while the Participant participated in the DCAP benefit under the Flexible Benefits Plan.

Reimbursable Qualified Dependent Care Expenses do not include:

(A) Education expenses for a child in kindergarten or any higher grade;

(B) Overnight care at a convalescent nursing home for a Dependent;

(C) Overnight camp;

(D) Expenses for lessons, tutoring, or certain types of transportation expenses;

(E) Expenses paid through another policy or plan of the Participant or the Participant’s Dependent Spouse;

(F) Forfeited deposits, but may include application fees, agency fees, and deposits if the Participant is required to pay the expenses to obtain Dependent care; or

(G) Expenses incurred before the Participant elected to participate in the DCAP benefit.

**Section B1.03 Maximum Amount of Reimbursement.** The maximum amount of reimbursement during a Plan Year may not exceed the lesser of the exclusion amount or the earned income limitation. The exclusion amount for any Plan Year is $5,000 ($2,500 if a married person filing a separate return). The earned income limitation is the earned income of an unmarried Participant or, for a married Participant, the lesser of the earned income of the Participant or the Participant’s Dependent Spouse. The Plan Administrator will determine earned income pursuant to Code § 32(c)(2). In no event will the Employer reimburse more than the Participant’s DCAP.
Section B1.04  Withholding – Accounting. The Employer will establish and maintain a DCAP for each Participant who has elected to receive the DCAP benefit under this Flexible Benefits Plan. The Employer will credit to the Participant’s DCAP the amount by which the Participant elects to reduce his/her Compensation. The amounts credited to the Participant’s DCAP are the property of the Employer until the Employer actually makes reimbursement. The Employer will debit a Participant’s DCAP for the amount of the reimbursement made to the Participant. A Participant’s DCAP will never exceed the maximum amount specified in Section B1.03 of this Flexible Benefits Plan.

Section B1.05  Year End Accounting – Forfeitures. The Employer will use the amount credited to a Participant’s DCAP for any Plan Year to reimburse the Participant for Qualified Dependent Care Expenses. If any balance remains in the Participant’s DCAP for any Plan Year after the Employer has made all reimbursements for the Plan Year, the Participant will forfeit the unused amount.

Section B1.06  Payment of Qualified Dependent Care Expenses. The Participant must apply for reimbursement by completing the application form provided by the Claims Administrator, setting forth:

(A) The amount, nature, and date of service of each expense with respect to which a benefit is requested;

(B) The name of the person, organization, or entity to which the expense was or is to be paid; and

(C) Such other information as the Claims Administrator may from time to time require.

Such application shall be accompanied by bills, invoices, receipts, or other statements or certifications showing the amounts of such expenses, together with any additional documentation which the Claims Administrator may request. Such application may be made before or after the Participant has paid such expense, but not before the Participant has incurred such expense. The Participant is responsible for keeping copies of all bills, invoices, receipts, or other statements or documents that may be necessary to substantiate the reimbursement of any Qualified Dependent Care Expenses for purposes of his/her own federal tax return.

The Employer will directly reimburse the Participant. Reimbursement for claims that have been approved by the Claims Administrator will be made on at least a weekly basis. Subject to Section B2.01 of this Flexible Benefits Plan, the Participant must submit the application for reimbursement for expenses for a Plan Year no later than the March 31 immediately following the end of the Plan Year.

Section B1.07  Limitation on Reimbursements With Respect to Certain Participants. Not more than 25% of the total amounts reimbursed from all DCAPs maintained by all Participants under the DCAPs during any Plan Year may be reimbursed with respect to the class of individuals who own more than 5% of the stock of the Employer (or their Dependents). Notwithstanding any other provision of this Flexible Benefits Plan, the Plan Administrator may limit the amounts reimbursed with respect to any Participant who is a highly compensated employee (within the meaning of Code § 414(g)) to the extent the Plan Administrator deems such limitation to be advisable to
assure compliance with the restriction described in the preceding sentence or with any nondiscrimination provision of the Code. Such limitation may be imposed whether or not it results in a forfeiture under Section B1.05 of this Flexible Benefits Plan.

ARTICLE B-II
TERMINATION OF DCAP COVERAGE

Section B2.01 Termination of Participation in DCAP Benefit. If a Participant ceases to participate in the DCAP benefit for any reason, the Participant’s election to receive reimbursement for Qualified Dependent Care Expenses terminates on the last day of the pay period in which participation ceases. A Participant may only receive reimbursement for Qualified Dependent Care Expenses incurred within the same Plan Year and prior to the first day after the day the Employee terminates participation in the DCAP benefit. If a Participant ceases participation in the DCAP benefit, the Participant must apply for reimbursement in accordance with Article B-I no later than the March 31 immediately following the end of the Plan Year.
APPENDIX J

CLAIMS PROCEDURES FOR
HEALTH FLEXIBLE SPENDING ACCOUNT AND
DEPENDENT CARE ASSISTANCE PLAN

PayFlex Systems USA, Inc.

Please place a copy of the claims procedures behind this page.
Criteria:
1. There must be a denial of a claim before the participant can file an appeal.
2. The appeal must be made within 180 days (6 months) of the date of the denial.

Paper or Web Claims:
If the caller says he missed the run-out deadline:
- If the claim has been submitted and denied, the EE has 180 days from that date to appeal. The appeal must be in writing from the participant.
- If the 180 days has expired – an appeal is not an option.
- If the claim has not been submitted, the EE first must submit the claim. It will be denied for run-out. The EE can appeal when the denial is received.

How to handle claim appeals when:
- The completed claim form with documentation was received prior to the run-out, but not entered in the system (our error) – release the claim.
- If only the claim form was received by the run-out and documentation submitted after – claim will be denied for run-out

Card Transactions:
If the participant has used their card to pay for a prior year’s expenses:

- If the card transaction has been denied, the EE has 180 days from that date to appeal. The appeal must be in writing from the participant.
- If the 180 days has expired – an appeal is not an option.
- If there is no remaining dollars in the prior year account, no adjustments can be made or appeal granted.
- Grace Period adjustments - If there is no denial of the card charge and the EE calls in BEFORE run-out, make the Grace Period adjustment.
- Grace Period adjustments - If there is no denial of the card charge and the EE calls AFTER run-out, send to CSM for review. The CSM will need to contact the client, as adjustments could affect any forfeitures

Written appeals can be forwarded to the Account Manager assigned to the group. The AM will document Notes on the participant’s account on the status and decision of the appeal. Review of the appeal could take up to 2 weeks.