# CHIPTON-ROSS FLEXIBLE BENEFIT PLAN SUMMARY

## Advantages of the Plan

As part of our efforts to keep Medical Benefit and Dependent Care costs as affordable as possible, Chipton-Ross is pleased to sponsor the Chipton-Ross Flexible Benefit Plan. The plan provides each eligible employee with the opportunity to set aside part of his or her pay on a pre-tax basis to pay for (1) health, dental, or vision care benefit premiums, and/or (2) dependent care expenses. The plan is entirely voluntary, and it allows you to allocate pre-tax dollars from your paycheck. Any money allocated for these benefits is not taxed and the income we report to the IRS and state taxing authorities is your total pay minus any of these deductions. In effect, your benefits are being subsidized to the extent of your marginal tax bracket (up to 39.3% in California). The Flex Plan allows you to customize a benefit plan to fit your exact needs by channeling taxable income into the non-taxable benefits of your choice.

## Benefit Program

The benefits you may purchase fall into two categories:

1. Insurance Premiums (Medical, Dental, Vision, and Cancer Insurance)
   a. For a Chipton-Ross Sponsored Plan.
   b. Any insurance premium (health, dental, etc.) for you or your dependents may be paid through the 125 plan, including your existing insurance or a new insurance policy, providing you are the primary person insured on the policy.

2. Dependent Care
   Reimburses for care of your child or other dependent while you are at work. Specifications for this account are:
   a. Your child must be under age 13.
   b. Your dependent over age 13 must be incapable of self support.
   c. Individual caring for your child under age 13 must not be dependent upon you for support.
   d. Annual reimbursement cannot exceed the lower of $5,000 or your family's earned income.

## How the Plan Works

All participants are required to determine the amount of their monthly deduction, if any, for each of the categories listed above. Participants are eligible to join the plan after completing one day of service at Chipton-Ross and must enroll during their first month of eligibility or wait until the next calendar year. Once an amount is determined it cannot be changed until the following January unless you have a change in family status (marriage, divorce, birth or adoption of a dependent, death of a spouse or dependent, or loss of your spouse's employment). It is important to estimate your expenses accurately! Under current tax laws, any money left in your account at the end of the year will be forfeited (use it or lose it).

The total elected amount is deducted once a month from one of your paychecks (usually the 2nd payday of each month) and placed in a reimbursement account. To receive money from your reimbursement account, you must file a claim with supporting receipts showing you have spent money on eligible expenses (with the exception of automatic claim processing for in-house insurance premiums). All claims are paid out of your reimbursement account and sent with your next paycheck.

Contributions made during any plan year can be used only for reimbursement of expenses incurred during that Plan Year. Expenses are incurred on the date services are provided. Reimbursement requests for a Plan Year must be received before March 31 of the following year. Any balance in your account after that date will be forfeited. Expenses reimbursed through these accounts are not eligible for tax deductions.