

BSI CAFETERIA PLAN ADOPTION AGREEMENT

The undersigned Employer, by executing this Adoption Agreement, establishes a Cafeteria Plan together with one or more Component Plans (collectively "Plan"). The Employer, subject to the Employer's Adoption Agreement elections, adopts fully the Basic Plan Document to which this Adoption Agreement relates. This Adoption Agreement, the Basic Plan Document constitutes the Employer's Cafeteria Plan.

All "Article" or "Section" references are basic plan document references. Numbers in parentheses, which follow election numbers, are basic plan document references.

ARTICLE I - INTRODUCTION

1. **COMPONENT PLANS.**

Component Plan(s). The following component plans are offered under this Cafeteria Plan:

- (a) Health Reimbursement Plan with a Flexible Spending Account ("Health FSA").
- (b) Dependent Care Account Program with a Flexible Spending Account ("DCAP FSA").
- (c) Health Savings Account ("HSA").

[Note: If the Employer is reducing the salary of Eligible Employees to pay for a portion of any benefits (e.g., insured medical benefits), a Section 125 Plan is required to be in place prior to the commencement of any salary reduction.]

ARTICLE II - DEFINITIONS

2. **EMPLOYER (Signatory Employer).**

Name: _____
Address: _____
Phone number: _____
Employer's Taxable Year: _____
EIN: _____

3. **PLAN ADMINISTRATOR.** The Plan Administrator is the EMPLOYER unless indicated below:

Name: _____
Address: _____
Phone number: _____
Email address: _____

Please indicate if a Committee will act as Plan Administrator and provide contact information.

4. **RELATED EMPLOYERS (Participating Employers)** adopting the Plan with the consent of the Employer (Article II):

Name: _____
EIN: _____
Name: _____
EIN: _____

Add Attachment listing additional Related Employers as necessary.

5. **PLAN.**

Name: _____

6. **PLAN NUMBER:** Section 1.2 of the Basic Plan Document provides that each plan offered through the Cafeteria Plan is a separate plan, e.g., the Health FSA and the DCAP FSA. Certain plans are not subject to ERISA reporting, e.g., DCAP FSA.

Plan name	Plan number

[The plan number is the 3-digit number for Form 5500 reporting (welfare plans usually begin with number 500, then 501, etc.)]

7. **PLAN YEAR.** Plan Year means the 12 consecutive month period ending every:
- (a) **Cafeteria Plan Year.** Complete with a specific date, e.g., "June 30" OR "the last day of February." In the case of a Short Plan Year, include the year e.g., "May 1, 2008." (Choose one of (1) or (2) and choose (3), if applicable):
- (1) **December 31.**
- (2) **Fiscal Plan Year:** ending: _____.
- (3) **Short Plan Year:** commencing: _____ and ending: _____.
8. **EFFECTIVE DATE.** The Employer's adoption of the Cafeteria Plan is a (Choose one of (a) or (b)):
- (a) **New Plan.** The Plan's Effective Date is: _____.
- (b) **Restated Plan.** The Plan's restated Effective Date is: _____. The Plan's original Effective Date was: _____.
9. **EXCLUDED EMPLOYEES.** In addition to the Excluded Employees described in Article II of the Basic Plan Document (which includes individuals ineligible to participate in a cafeteria plan under Prop. Reg. § 1.125-1(g)(2)), the following Employees are not Eligible Employees but are Excluded Employees (Choose one or more as applicable):
- (a) Any leased employee (including but not limited to those individuals defined as leased employees in Code § 414(n)) or an individual classified by the Employer as a contract worker, independent contractor, temporary employee, or casual employee for the period during which such individual is so classified, whether or not any such individual is on the Employer's W-2 payroll or is determined by the IRS or others to be a common-law employee of the Employer.
- (b) Any individual who performs services for the Employer but who is paid by a temporary or other employment or staffing agency for the period during which such individual is paid by such agency, whether or not such individual is determined by the IRS or others to be a common-law employee of the Employer.
- (c) Any employee covered under a collective bargaining agreement, unless the agreement specifically provides for coverage.
- (d) Any nonresident alien who does not receive U.S. source income.
- (e) **Describe exclusion category:** _____

- [Note: Employees of any Related Employers (excluding the signatory Employer) are Excluded Employees unless the Related Employer adopts the Plan with the consent of the Employer. See "Excluded Employee" under Article II of Basic Plan Document.]*
- [Note: Keep in mind the nondiscrimination rules when excluding employees, not only for the Cafeteria Plan but also for the other Component Plans, e.g., the underlying plans offered under the Premium Payment Component (as applicable), Health FSA and DCAP.]*
10. **OPEN ENROLLMENT PERIOD.** Prior to each Plan Year, a Participant will elect his or her Benefits for the Plan Year during a period prior to the commencement of the Plan Year (Choose one of (a), (b) or (c)):
- (a) **Basic Plan Document.** The Open Enrollment Period will be determined by the Plan Administrator and described in the annual enrollment materials and/or Election Form/Summary Plan Description.
- (b) **The month of:** _____.
- (c) **Describe the beginning and ending dates of the Open Enrollment Period:** _____
_____.
11. **DOMESTIC PARTNER.**
- (a) Coverage under the Plan. (Choose (i), (ii) and/or (iii) as applicable):
- (i) Domestic Partners are not covered under the Plan.
- (ii) Domestic Partners may be covered under the Health FSA (only if they meet the requirements of a Dependent under Code § 152 for health care purposes).
- (iii) Domestic Partners may be covered under the DCAP FSA (only if they meet the requirements of a "Qualifying Individual" under Code § 129).
- (b) **Definition.** If 11(a) is completed, then a Domestic Partner means (Choose (i), (ii) or (iii) as applicable):
- (i) The Participant's same sex partner where the requirements stated in the Participant's annual Certification/Affidavit are satisfied.
- (ii) The Participant's same sex or opposite-sex partner where the requirements stated in the Participant's annual Certification/Affidavit are satisfied.
- (iii) **Describe:** _____

ARTICLE III - ELIGIBILITY AND PARTICIPATION

12. **ELIGIBILITY REQUIREMENTS (3.1).** To become a Participant in the Plan, an Eligible Employee must satisfy (*Choose one of (a) or (b)*):

- (a) **No conditions.** Entry is on the Employment Commencement Date (if that date is also an Entry Date), or if later, upon the next following Plan Entry Date.
- (b) **Conditions.** The following eligibility requirements must be satisfied for an Eligible Employee, other than an Excludable Employee, to participate in the Plan (*Choose one or more of (1) through (3), as applicable*):
 - (1) Minimum service requirements (*Choose one or more of a. through e., as applicable*):
 - a. None
 - b. The Employee is scheduled to work _____ or more hours per week
 - c. The Employee completes the following consecutive days of service: _____
 - d. The Employee completes the following consecutive months of service: _____
 - e. The Employee completes the following years of service: _____

[Note: Service is counted commencing on the Employee's Employment Commencement Date (or rehired Employee's re-employment commencement date), as applicable.]

- (2) The Employee satisfies the eligibility requirements under the Medical Insurance Plan sponsored by the Employer (the provisions of which are incorporated herein by reference).
- (3) Describe the eligibility requirements: _____

[Note: See Article II of the Basic Plan Document regarding definitions of Eligible Employees and Excludable Employees, and Article II of this Adoption Agreement regarding Excludable Employees.]

[Note: In order for the Health FSA to qualify as an "excepted benefit" under the HIPAA portability rules (DOL Reg. § 2590.732(c)(3)(v)), two conditions must be satisfied. Briefly, those conditions are: (i) Availability - the Employees that are eligible for the Health FSA must also have available coverage under the Employer's major medical coverage (e.g., same eligibility, same entry, etc.), and (ii) Maximum Benefit - the maximum benefit payable under the Health FSA to any Participant cannot exceed two times the participant's salary reduction election under the Health FSA for the year (or, if greater, the amount of the participant's salary reduction election for the Health FSA for the year, plus \$500).]

13. **ENTRY DATE (3.1).** Entry Date means the Effective Date and (*Choose one or more of (a) through (e), as applicable*):

- (a) Upon the Participant's Employment Commencement Date.
- (b) On the first day following satisfaction of the eligibility conditions.
- (c) On the first day of the calendar month following satisfaction of the eligibility conditions.
- (d) On the first day of the calendar quarter following satisfaction of the eligibility conditions.
- (e) Describe Entry Date(s): _____

14. **PARTICIPATION FOLLOWING TERMINATION OF EMPLOYMENT OR LOSS OF ELIGIBILITY (3.3).**

- (a) Provisions regarding rehires **(3.3(a))** (*Choose (i) or (ii) below*):
 - (i) **Basic Plan Document.** Apply the terms of Plan Section 3.3.
 - (ii) **Describe:** _____

- (b) Provisions regarding Employees who are again eligible for Plan participation **(3.3(b))** (*Choose (i) or (ii) below*):
 - (i) **Basic Plan Document.** Apply the terms of Plan Section 3.3
 - (ii) **Describe:** _____

15. **FAMILY MEDICAL LEAVE ACT (3.4).** Is the Employer subject to FMLA? (*Choose (a) or (b) as applicable*):

- (a) **Yes.** Plan Section 3.4 is applicable.
- (b) **No.** Plan Section 3.4 is not applicable.

ARTICLE IV - METHOD AND TIMING OF ELECTIONS

16. ELECTIONS WHEN FIRST ELIGIBLE (4.1). If the Plan provides immediate eligibility on date of hire, the special rule for newly hired Eligible Employees permitting retroactive coverage for up to 30 days may be elected by the Employer. The special rule for new hires is (Choose (a) or (b) as applicable):

- (a) **Not applicable.** The Plan does not permit immediate eligibility, or the Plan does not provide for this special rule.
- (b) **Applicable.** The Plan permits immediate eligibility and elects the special rule permitting immediate Plan participation provided that the Eligible Employee timely returns his or her Election Form and Salary Reduction Agreement to the Plan Administrator.

17. FAILURE OF ELIGIBLE EMPLOYEE TO FILE AN ELECTION FORM/SALARY REDUCTION AGREEMENT (4.3).

(a) **Participant only Contributions for the Plan Year (4.3(a))**. If an Eligible Employee fails to timely file a complete Election Form/Salary Reduction Agreement and no Employer Benefits Contributions are made by the Employer for such Plan Year, an (Choose (1) or (2) below):

(1) Eligible Employee will be deemed to have elected to receive their full compensation in lieu of Benefits.

(2) Describe: _____

(b) **Participant and Employer Contributions for the Plan Year (4.3(b))**. If an Eligible Employee fails to timely file an Election Form/Salary Reduction Agreement and Employer Benefits Contributions (for Health FSA and/or DCAP Benefits) are made by the Employer for such Plan Year (Choose (1) and/or (2) and/or (3) below):

(1) **Affirmative Election Required Annually.** An Eligible Employee will be deemed to have elected to receive their full compensation in lieu of Benefits and to waive such Employer Benefits Contribution.

(2) **Deemed Election.** An Eligible Employee will be deemed to have elected the Benefits (e.g., Health FSA, HSA and/or DCAP Benefits) that are covered by the Employer Benefits Contributions for the Plan Year (as set forth in the annual enrollment materials) and to the extent of any excess Employer Benefits Contributions, such amount will be (Choose a. or b. as applicable):

a. Deemed to have been waived by the Eligible Employee.

b. Received in cash by the Eligible Employee.

(3) **Describe** _____

[Note: State law may require written authorization to reduce salary for payment of benefits requiring at a minimum that the Participant's initial salary reduction election be in writing. See RCW §§ 49.48.010 and 49.52.060.]

ARTICLE V - BENEFITS OFFERED AND METHOD OF FUNDING

18. BENEFITS OFFERED (5.1(a)). The following Benefits are provided under this Cafeteria Plan (Choose one or more of (a) through (d), as applicable):

(a) Health FSA Benefits, as described in Article VII. Select one of the following Health FSA Options (Choose one or more of (i) through (iv)):

(i) General-Purpose Health FSA Option.

(ii) Limited Health FSA Option (If selected, choose a or b (limited Health FSA only), or c (Post-deductible Health FSA only, or (d) combination limited and post-deductible Health FSAs).

a. Limited (Vision/Dental/Preventive Care) Health FSA Option.

b. Limited (Vision/Dental) Health FSA Option

c. Post-Deductible Health FSA Option.

d. Combination of Limited Health FSA Option (as selected in a or b above) plus the Post-Deductible Health FSA Option

(iii) Employee-Only Health FSA Option.

(iv) Employee-Plus-Children Health FSA Option.

[Note: HSA Benefits cannot be elected with Health FSA Benefits unless a Limited Health FSA Option is selected. In addition, a Participant who has an election for Health FSA Benefits (other than a Limited Health FSA Option) that is in effect on the last day of a Plan Year cannot elect HSA Benefits for any of the first three calendar months following the close of that Plan Year, unless the balance in the Participant's Health FSA Account is \$0 as of the last day of that Plan Year. For this purpose, a Participant's Health FSA Account balance is determined on a cash basis - that is, without regard to any claims that have been incurred but have not yet been reimbursed (whether or not such claims have been submitted).]

(b) HSA Benefits as described in Article VIII.

(c) DCAP Benefits, as described in Article IX.

19. CONTRIBUTIONS TYPES (5.2). The Employer and/or Participants make the following Contributions to the Plan (*Choose one or more of (a) through (c), as applicable*).

(a) **Employer Contributions** (*Choose (i) or (ii)*):

(i) **No Employer Contributions.**

(ii) **Employer Contributions.** The Employer may make discretionary Employer Benefit Contributions for the Plan Year on behalf of each Participant (*Choose one of a. through d., as applicable*):

a. **Employer Benefit Contributions Designated in Enrollment Materials.** The Employer may make discretionary Employer Benefit Contributions for the purpose of sharing with the Participant in the cost of certain Benefits. The amount of such contributions with respect to each Benefit and any limitations as to such Benefits is directed is described in the annual open enrollment materials and/or Election Form/Salary Reduction Agreement provided to Employees.

b. **Employer Benefit Contributions - Participant Discretion.** The Employer may make discretionary Employer Benefit Contributions which may be allocated by the Participant in any manner among the Benefits offered under the Plan. Such discretionary amount is described in the annual open enrollment materials and/or Election Form/Salary Reduction Agreement provided to Employees.

c. **Fixed Employer Contribution.** Describe how the contributions are determined and any limitations: _____

d. **Describe** _____

(b) **Employee Pre-tax Contributions.** The Participant will allocate his or her pre-tax Contributions to the Benefits he or she elects in the Election Form/Salary Reduction Agreement.

ARTICLE VI - [RESERVED]

ARTICLE VII - HEALTH FSA COMPONENT

20. HEALTH FSA BENEFITS (7.4(b)). The following maximum and minimum dollar amounts are applicable to a Participant's Health FSA:

(a) **Maximum Dollar Amount that a Participant may elect to receive under the Health FSA:** \$ _____

[Note: For purposes of the Health FSA, both the Participant's Salary Reduction and any Employer Benefits Contributions are aggregated.]

[Note: For taxable years after December 31, 2012, the FSA limit is \$2,500.]

(b) **Minimum Dollar Amount that may be elected by a Participant under the Health FSA:** \$ _____

21. PRORATION RULE (7.4(d)). The Basic Plan Document provides that the maximum Health FSA Benefits elected by the Participant will not be prorated over the remainder of the Plan Year if a Participant enters the Plan mid-year or changes his or her election midyear. However, the Employer may elect to apply a proration rule (*Choose (a) or (b), as applicable*):

(a) **Basic Plan Document Provision (No Proration).** If a Participant enters the Health FSA Component mid-year or adjusts his or her election mid-year, the Participant may elect coverage up to the maximum dollar limit (reduced by any reimbursements paid during the Plan Year).

(b) **Prorate Benefits over the Remainder of the Plan Year.** If a Participant enters the Health FSA Component mid-year or adjusts his or her election mid-year, the Participant may elect coverage up to the maximum dollar limit (reduced by any benefits paid during the Plan Year) multiplied by a fraction, the numerator is the number of whole months remaining in the Plan Year (including the month in which the Employee's participation begins), and the denominator is 12.

22. OVER THE COUNTER ("OTC") MEDICAL EXPENSES (7.4(f)). OTC Medical Expenses (*Choose (a) or (b), as applicable*):

(a) OTC Medical Expenses are reimbursable under the Health FSA Component.

(b) OTC Medical Expenses are not reimbursable under the Health FSA Component.

[Note: A limited-purpose Health FSA typically cannot reimburse OTC drugs, except in limited cases where such coverage qualifies as permitted coverage (e.g., vision or dental care) or preventive care.]

[Note: Effective for taxable years after December 31, 2010, the Participant must provide evidence that a medicine or drug is a prescribed drug or medicine (determined without regard to whether the medicine or drug is available without a prescription) or is insulin.]

23. GRACE PERIOD (7.4(f)). Please indicate whether the Plan will utilize the Grace Period:

(a) Health FSA Benefits (*Choose (i) or (ii)*):

(i) The Grace Period will be available under the Health FSA Benefit.

(ii) The Grace Period will *not* be available under the Health FSA Benefit.

(b) The Grace Period will begin immediately following the close of a Plan Year and ends on: _____

24. DEADLINE FOR FILING CLAIMS FOR REIMBURSEMENT OF MEDICAL CARE EXPENSES (7.4(g), 7.7(b) and 7.8(a)).

(a) **Incurred during Grace Period (7.4(g)).** Claims for reimbursement of Medical Care Expenses *incurred during a Grace Period* must be submitted no later than (*Choose (1) or (2), as applicable*):

(1) Specify the date following the close of the Plan Year: _____

(2) Specify the number of days following the close of the Plan Year: _____

[Note: If a Grace Period is elected, a Participant may be reimbursed for expenses incurred during the 2½ month period after the close of the Plan Year, e.g., March 15 for a calendar year Plan. See below for Claims incurred during the Plan Year.]

(b) **Incurred during Plan Year (7.7(b)).** Claims for reimbursement of Medical Care Expenses *incurred during the Plan Year* must be submitted no later than (*Choose one of (1) through (3), as applicable*):

(1) The date elected in #24(a) above.

(2) Specify the date following the close of the Plan Year: _____

(3) Specify the number of days following the close of the Plan Year: _____

(c) **Incurred during Period of Coverage - Termination of Participation (7.8(a)).** Claims for reimbursement of Medical Care Expenses incurred during the Participant's Period of Coverage during the Plan Year in which he or she ceases to participate in the Plan must be submitted no later than (*Choose one of (1) through (3), as applicable*):

(1) The date elected in #24(a) above.

(2) Specify the date following the close of the Plan Year: _____

(3) Specify the number of days following termination of employment: _____

25. FORFEITURE OF HEALTH FSA ACCOUNTS: TIMING OF FORFEITURE (7.6(b)). Any Health FSA Benefits that are unclaimed (e.g., uncashed checks) will be forfeited as follows (*Choose (a) or (b), as applicable*):

(a) **Basic Plan Document (7.6(b)).** Any forfeiture for a Plan Year will be applied in the manner described in Plan Section 7.6(b). Also any unclaimed payments will be forfeitures as of the close of the Plan Year *following* the Period of Coverage in which the Medical Care Expense was incurred (e.g., for a calendar year plan any forfeiture for the 2010 plan year would occur on December 31, 2011).

(b) **Describe.** _____
[Address both the application of forfeitures and the timely of forfeitures.]

26. REIMBURSEMENT CLAIMS PROCEDURE FOR HEALTH FSA – CLAIMS SUBSTANTIATION (7.7(b)). The aggregate amount of the Participant's claim for reimbursement must be (*Choose (a) or (b), as applicable*):

(a) **No Minimum Required.** The Participant may submit an application for reimbursement in any dollar amount.

(b) **Aggregate Dollar Amount.** The aggregate dollar amount of an application for reimbursement must be at least: \$_____ (e.g., reimbursement claims submitted at one time must aggregate at least \$25).

27. DEBIT, CREDIT AND/OR STORED VALUE CARDS (7.7(b)). The Plan will provide a debit, credit and/or stored value card for Health FSA Accounts:

(a) Yes.

(b) No.

28. HEALTH FSA: COBRA (7.8(b)).

(a) **COBRA Applicable.** (*Choose (a) or (b)*):

(i) Yes. COBRA is applicable.

(ii) No. COBRA is not applicable.

(b) **Limited COBRA.** The Health FSA qualifies for "limited" COBRA – COBRA must be offered to the end of the Plan Year in which the qualifying event took place for those Participants with underspent accounts.

(i) Yes.

(ii) No.

[Note: In order for the Health FSA to qualify for limited COBRA, it must meet the requirements of an "excepted benefit" and the COBRA premium must equal or exceed the maximum benefit available under the Health FSA (COBRA Premium Condition). The Health FSA is an "excepted benefit" under the HIPAA portability rules (DOL Reg. § 2590.732(c)(3)(v)) if two conditions are satisfied. Briefly, those conditions are: (i) Availability Condition - the Employees that are eligible for the Health FSA must also have available coverage under the Employer's major medical coverage (e.g., same eligibility, same entry, etc.), and (ii) Maximum Benefit Condition - the maximum benefit payable under the Health FSA to any Participant cannot exceed two times the participant's salary reduction election under the Health FSA for the year (or, if greater, the amount of the participant's salary reduction election for the Health FSA for the year, plus \$500).]

29. **COBRA PAYMENT (7.8(b) and (c)).** COBRA, if applicable, must be paid by the Participant or qualified beneficiary as follows (*Choose (a) or (b), as applicable*):
- (a) Only on an after-tax basis.
 - (b) On an after-tax basis except a Participant who ceases to be eligible for Health FSA Benefits due to retirement or other termination of employment may make an election to pay all or part of the premiums for COBRA Coverage for such benefits on a pre-tax basis from his or her final paycheck. *[See "Note" below.]*
[Note: Contributions may not be pre-paid in one Plan Year to provide coverage that extends into a subsequent Plan Year.]
30. **NAMED FIDUCIARY FOR HEALTH FSA (7.9).** The named fiduciary for the Health FSA Component will be (*Choose (a) or (b), as applicable*):
- (a) **Basic Plan Document.** The Plan Administrator.
 - (b) **Describe.** _____
31. **QUALIFIED RESERVIST DISTRIBUTIONS (7.12).** Qualified Reservist Distributions (*Choose (a) or (b), as applicable*):
- (a) **Yes.** Qualified Reservist Distributions will be offered.
 - (b) **No.** Qualified Reservist Distributions will not be offered.

ARTICLE VIII - HSA COMPONENT

32. **CONTRIBUTIONS FOR COST OF COVERAGE FOR HSA: MAXIMUM LIMITS (8.2).** Contributions to a Participant's HSA will be made (*Choose one of (a) through (d), as applicable*):
- (a) **Employee Salary Reduction Contributions Only.** Only through Employee pre-tax, salary reduction contributions.
 - (b) **Employee Salary Reduction Contributions and Discretionary Employer Contributions (if any).** Through Employee pre-tax, salary reduction contributions and discretionary Employer Benefits Contributions, if any, which are described in the annual enrollment materials and/or Election Form/Salary Reduction Agreement.
 - (c) **Employee Salary Reduction Contributions and Fixed Employer Contributions.** Through Employee pre-tax, salary reduction contributions and "fixed" Employer Benefits Contributions equal to: _____
 - (d) **Describe.** _____
- [Note: Employer contributions alone will not cause the HSA to become part of the Employer's ERISA-covered group health plans. See DOL FABs 2004-1 and 2006-02.]*
33. **CHANGE IN HSA ELECTION.** As described in Article XII of the Basic Plan Document, an HSA election can be increased, decreased or revoked prospectively at any time during the Plan Year. Such election change will become effective:
- (a) **Basic Plan Document.** The first day of the next calendar month following the date that the election change is filed with the Administrator.
 - (b) **Describe.** _____

[Note: The 2007 Proposed cafeteria plan regulations provide that election changes must be allowed at least monthly (a time period that correlates with the HSA monthly eligibility rules) and upon a loss of HSA eligibility.]

ARTICLE IX - DCAP COMPONENT

34. **PRORATION RULE (9.4(d)).** The Basic Plan Document provides that the maximum DCAP FSA Benefits elected by the Participant will not be prorated over the remainder of the Plan Year if a Participant enters the Plan mid-year or changes his or her election midyear. However, the Employer may elect to apply a proration rule (*Choose (a) or (b), as applicable*):
- (a) **Basic Plan Document Provision (No Proration).** If a Participant enters the DCAP FSA Component mid-year or adjusts his or her election mid-year, the Participant may elect coverage up to the maximum dollar limit (reduced by any reimbursements paid during the Plan Year).
 - (b) **Prorate Benefits over the Remainder of the Plan Year.** If a Participant enters the DCAP FSA Component mid-year or adjusts his or her election mid-year, the Participant may elect coverage up to the maximum dollar limit (reduced by any benefits paid during the Plan Year) multiplied by a fraction, the numerator is the number of whole months remaining in the Plan Year (including the month in which the Employee's participation begins), and the denominator is 12.
35. **GRACE PERIOD (9.7(d)).** Please indicate whether the Plan will utilize the Grace Period:
- (a) DCAP FSA Benefits (*Choose (i) or (ii)*):
 - (i) The Grace Period will be available under the DCAP FSA Benefit.
 - (ii) The Grace Period will *not* be available under the DCAP FSA Benefit.
 - (b) The Grace Period will begin immediately following the close of a Plan Year and ends on: _____

36. DEADLINE FOR FILING CLAIMS FOR REIMBURSEMENT OF DEPENDENT CARE EXPENSES (9.7, 9.8 and 9.4(f)).

(a) **Incurred during Plan Year (9.7).** Claims for reimbursement of Dependent Care Expenses *incurred during the Plan Year* must be submitted no later than (*Choose (1) or (2), as applicable*):

(1) Specify the date following the close of the Plan Year: _____

(2) Specify the number of days following the close of the Plan Year: _____

(b) **Incurred during Period of Coverage - Termination of Participation (9.8).** Claims for reimbursement of Dependent Care Expenses incurred during the Participant's Period of Coverage during the Plan Year in which he or she ceases to participate in the Plan must be submitted no later than (*Choose (1) or (2) or (3), as applicable*):

(1) The date elected in #36(a) above.

(2) Specify the date following the close of the Plan Year: _____

(3) Specify the number of days following termination of employment: _____

(c) **Incurred during Grace Period (9.4(f)).** Claims for reimbursement of Dependent Care Expenses *incurred during a Grace Period* must be submitted no later than (*Choose (1) or (2) or (3), as applicable*):

(1) The date elected in #36(a) above.

(2) Specify the date following the close of the Plan Year: _____

(3) Specify the number of days following the close of the Plan Year: _____

[Note: If a Grace Period is elected, a Participant may be reimbursed for expenses incurred during the 2½ month period after the close of the Plan Year, e.g., March 15 for a calendar year Plan.] [Note: Notice 2005-61 addresses reporting of grace period expenses on Form W-2.]

ARTICLE X - HIPAA PROVISIONS FOR HEALTH FSA

37. HEALTH FSA AND HIPAA PRIVACY: The Health FSA is subject to HIPAA Privacy (*Choose (a) or (b), as applicable*):

(a) **Yes.**

(b) **No.**

[Note: Only a Plan with fewer than 50 participants and that is self-administered is not subject to HIPAA Privacy Rules.]

38. PERSONS WHO MAY HAVE ACCESS TO PHI (10.6). The following persons may have access to PHI (*Choose (a) or (b), as applicable*):

(a) President of the Corporation

(b) Benefits Manager

(c) Director of Human Resources

(d) Human Resources and payroll staff performing Health FSA functions

(e) Benefits Committee

(f) Plan Administrator

(g) **Specify:** _____

ARTICLE XII - IRREVOCABILITY OF ELECTIONS; EXCEPTIONS

39. ELECTION CHANGES. May Participants modify their elections regarding Contributions:

(a) No.

(b) Yes.

[Note: For certain mandated coverage, such as special enrollment, any permitted change under the group health plan would have to be paid by the Participant on an after-tax basis, if election changes are not permissible.]

40. CHANGE IN STATUS CHANGE FOR HEALTH FSA (12.4(d)). The Plan includes the provisions of Article XII, unless otherwise provided below:

(a) **Basic Plan Document.** Article XII will be followed.

(b) **Limitation Regarding Health FSA Benefits.** Article XII will be followed except as limited below:

Option to Limit Election Changes to Health FSA. Election changes may not be made to reduce Health FSA coverage during a Period of Coverage. However, election changes may be made to cancel Health FSA coverage completely (1) due to the occurrence of any of the following events: death of a Spouse, divorce, legal separation, or annulment; death of a Dependent; change in employment status such that the Participant becomes ineligible for Health FSA coverage; or a Dependent's ceasing to satisfy eligibility requirements for Health FSA coverage; and (2) Employees may not elect to reduce Health FSA coverage because they, their spouses, or the Dependents gain Medicare/Medicaid entitlement during a Plan Year, but Health FSA coverage can be canceled completely. Notwithstanding the foregoing, such cancellation will not become effective to the extent that it would reduce future contributions to the Health FSA to a point where the total contributions for the Plan Year are less than the amount already reimbursed for the Plan Year.

(c) **Describe.** Article XII will be followed except: _____

[Note: The Basic Plan Document includes the provisions of the regulations. If a Plan allows Participants to change their elections, the Plan must follow the applicable IRS regulations. The Plan can be more restrictive but not more liberal than the regulations. For example, the Plan may offer fewer permitted election change event than permitted in the regulations, or a Plan may make one or more of the permitted elective change events more restrictive.]

ARTICLE XIII - APPEALS PROCEDURE

41. **PROCEDURE IF BENEFITS ARE DENIED UNDER THIS PLAN (13.1).** The following person or entity will act on behalf of the Plan Administrator in the determination of appeals with respect to the Health FSA, DCAP FSA and Cafeteria Plan as described in Section 13.1:
- (a) The Employer.
 - (b) Benefits Committee appointed by the Employer.
 - (c) _____

ARTICLE XIV - RECORDKEEPING AND ADMINISTRATION

42. **PARTICIPATING EMPLOYER DELEGATION OF AUTHORITY (14.11).** If there is more than one adopting Employer (Participating Employer) (*Choose (a) or (b), as applicable*):
- (a) **Basic Plan Document.** The Employer will have the authority to amend the Plan as provided herein without the consent or approval of any other Participating Employer(s). Such other Participating Employer(s) appoint the Employer to amend this Plan in any manner including termination of the Plan and agree to be bound by such amendments.
 - (a) **Describe.** _____

ARTICLE XV - GENERAL PROVISIONS

43. **GOVERNING LAW (15.4).** To the extent not preempted by ERISA or other federal law, the laws of the following state will apply. (*Choose (a) or (b)*):
- (a) **State law.** The laws of the state of the Employer's principal place of business, which is: _____
 - (b) **Describe:** _____

EXECUTION

The Employer, by executing this Adoption Agreement, hereby agrees to the provisions of this Plan and Trust.

Employer: _____

Date: _____

Signed: _____

Print Name and Title

BSI CAFETERIA PLAN PARTICIPATION AGREEMENT

[Note: Each Participating Employer must execute a separate Participation Agreement, the terms of which control as to that Participating Employer.]

Agreement as to Signatory Employer control. The undersigned Related Employer, by executing this Participation Agreement, elects to become a Participating Employer in the Plan identified in the foregoing Adoption Agreement. The Participating Employer accepts, and agrees to be bound by, all of the Elections as made by the Signatory Employer except as otherwise indicated below. *The Participating Employer also hereby consents to the Signatory Employer's sole authority (without further signature or other action by the Participating Employer) to amend, to restate or to terminate the Plan, to terminate the Participating Employer's participation in the Plan, and to take certain other actions, in accordance with the Plan. See Article II, "Employer."*

Effective Date(s). The Participating Employer's adoption of this Plan is effective on: _____.

Participating Employer: _____

Date: _____

Signed: _____

Print Name and Title

Participating Employer's EIN: _____

Acceptance by Signatory Employer:

Signatory Employer: _____

Date: _____

Signed: _____

Print Name and Title