



FLEXIBLE BENEFIT PLAN

SUMMARY

The Employer understands and agrees that Life Group Administrators, Inc., is in no way liable for the legal or tax aspects of this Plan. Full legal and tax responsibility is assumed by the Employer establishing this Plan, which acknowledges that it has reviewed the terms and conditions of the Plan with its legal and tax advisors with respect to the adoption of this Plan and the various options available under the Plan.

INTRODUCTION

The Employer does hereby adopt this Flexible Benefit Plan for the exclusive benefit of its Employees and Covered Dependents. It is the intention of the Employer that this Plan qualify as a Cafeteria Plan within the meaning of I.R.C. Section 125(d), as amended from time to time, and that the Benefits elected by an Employee under the Plan be included or excluded from the Employee's income under Section 125(a) and/or other applicable sections of the Internal Revenue Code of 1986, as amended.

ARTICLE I - DEFINITIONS

- 1.1 "Administrator"** means the individual or individuals appointed by the Employer to carry out the administration of the Plan. In the event an Administrator has not been appointed by the Employer, the Employer shall be deemed to be the Administrator.
- 1.2 "Affiliated Employer"** means the Employer and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Treasury regulations under Code Section 414(o).

- 1.3 "Benefit"** means each of the Benefit choices available to a Participant and elected by the Employer in Article X. Benefits may include (but are not limited to) medical, disability, dental and group term life insurance, and medical and dependent care reimbursement accounts, and any other Benefits as the Employer may offer from time to time, pursuant to the provisions of I.R.C. Section 125, and such other Internal Revenue Code Sections as may apply at any given time.
- 1.4 "Code"** means the Internal Revenue Code of 1986, as amended from time to time.
- 1.5 "Compensation"** means the total cash remuneration received by the Participant from the Employer during a Plan Year prior to any reductions pursuant to a Salary Reduction Agreement, including overtime pay, commissions and bonuses.
- 1.6 "Dependent"** or "Covered Dependent" means any individual who qualifies as a dependent of the Employee under Code Section 152, as amended by Code Section 105(b).
- 1.7 "Effective Date"** shall mean the date specified by the Employer in Article X.
- 1.8 "Election Period"** means the 60-day period immediately preceding each Plan Year established by the Administrator for the election of Benefits and Salary Reductions, such period to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee's initial Election Period shall be established by the Administrator pursuant to Section 5.1.

1.9 “Eligible Employee” means any Employee who has satisfied the eligibility provisions of Section 2.1.

1.10 “Employee” means any person who is employed by the Employer, excluding any person who is employed as an independent contractor. The term Employee shall include leased employees within the meaning of Code Section 414(n)(2), but shall exclude those classes of employees specified by the Employer in Article X.

1.11 “Employer” means the employer or employers listed in Article X and shall include any successor that shall maintain this Plan.

1.12 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.13 “Highly Compensated Participant” means, for the purposes of determining discrimination under Code Section 125, any employee who, during the current year or the preceding year:

- (a) was at any time a 5% owner;
- (b) received compensation from the Employer in excess of \$93,518 (for 1992);
- (c) received compensation from the Employer in excess of \$62,345 (for 1992) and was in the top-paid group of employees for such year; or
- (d) was at any time an officer and received compensation greater than 50% of the amount in effect under Section 415(b)(1)(A) for such year (\$56,111 for 1992).

The Secretary of the Treasury shall adjust the dollar amounts under this Section at the same time and in the same manner as under Section 415(d).

1.14 “Insurance Contract” means a contract issued by an Insurer.

1.15 “Insurer” means an insurance company that issues a Benefit under the Plan.

1.16 “Key Employee” means an employee defined in Code Section 416(i)(1) and Treasury regulations thereunder.

1.17 “Participant” means any Eligible Employee who elects to participate in the Plan and has not become

1.18 “Plan” means the Employer’s Flexible Benefit Plan as set forth herein, together with any and all amendments and supplements hereto.

1.19 “Plan Year” means the 12-month period as specified by the Employer in Article X. In the event a Participant commences participation on a date other than the first day of a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant’s Entry Date and ending on the last day of such Plan Year.

1.20 “Premium” means the Participant’s cost for the insured Benefits under the Plan.

1.21 “Salary Reduction” means the contributions authorized by the Participant in his Salary Reduction Agreement, and contributed by the Employer on behalf of the Participant to the Plan.

1.22 “Salary Reduction Agreement” means an agreement which authorizes the Employer to reduce the Participant’s salary in an amount sufficient to pay the Participant’s portion of the Benefits the Participant has elected. The agreement shall specify the amounts the Participant authorizes to be reduced from his salary. The Employer shall withhold the agreed amount from the Participant’s paycheck for each pay period beginning with the first pay period for which the Participant is participating in the Plan.

1.23 “Spouse” means the legally married husband or wife of a Participant.

ARTICLE II

2.1 Participation Eligibility

All Eligible Employees shall be eligible to participate hereunder on completion of the eligibility requirements set forth in Article X, provided the Employee has filed with the Employer or the Administrator a valid Salary Reduction Agreement, electing to participate in the Plan. The Employer shall specify the Entry Date(s) for the Plan. If a former Participant is rehired within the same Plan Year, such Participant shall not be eligible to re-enter the Plan in the same Plan Year during which termination of employment occurred.

2.2 Notice of Eligibility

The Employer or Plan Administrator shall notify the Employees of the Employer of their eligibility to participate in the Plan and shall inform them of the terms and their rights under the Plan. Each Participant shall be provided with a copy of the Summary Plan Description.

2.3 Term of Coverage of Participants

Each Participant and his Covered Dependents shall be covered for the entire Plan Year, or such portion of the Plan Year remaining after the Participant’s Entry Date, if later than the first day of the Plan Year. The Benefits provided to any participant or his Covered Dependents for any Plan Year shall cease on the first day following the occurrence of any of the following:

- (a) termination of employment due to the Participant’s death, retirement, or resignation;
- (b) the failure to make required contributions, if any;
- (c) the Participant ceases to be a member of a class of employees who are eligible for Benefits under the Plan;
- (d) with respect to a Covered Dependent, the date that a Covered Dependent ceases to be Covered Dependent;
- (e) the date a specific Benefit provided under the Plan is discontinued or otherwise no longer provided; or
- (f) the date the Plan is terminated.

2.4 Cobra Continuation

Notwithstanding any other provision in this Plan to the contrary, any Participant or Covered Dependent who is eligible for "Health Care Continuation Coverage" under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly referred to as COBRA, shall be allowed to continue to receive benefits offered under this Plan, as long as such Participant or Covered Dependent complies with the provisions as set forth in COBRA. The Employer shall adopt rules relating to continuation coverage, as provided under Code Section 4980B(f), or applicable state law, as may be required from time to time, and shall advise affected individuals of the terms and conditions of such continuation coverage.

ARTICLE III - CONTRIBUTIONS TO THE PLAN

3.1 Salary Reduction

Benefits under the Plan shall be financed by Salary Reductions sufficient to support Benefits that a Participant has elected hereunder and to pay the Participant's Premium Expenses; provided, however, a Participant's total Salary Reduction shall not exceed the dollar limits specified by the Employer in Article X. If an Employee enters the Plan on a date other than the first day of a Plan Year, total Salary Reductions shall be the product of the number of months in the initial short year of participation over twelve (12) times the appropriate Salary Reduction. The salary administration program of the Employer shall be revised to allow each Participant to agree to reduce his pay during a Plan Year by an amount determined necessary to purchase the elected Benefit. The amount of such Salary Reduction shall be specified in the Salary Reduction Agreement and shall be applicable for a Plan Year.

Any Salary Reduction shall be determined prior to the beginning of a Plan Year (subject to initial elections pursuant to Section 5.1) and shall be irrevocable for such Plan Year. However, a Participant may revoke a Benefit election or a Salary Reduction Agreement after the Plan Year has commenced and make a new election and/or Salary Reduction Agreement with respect to the remainder of the Plan Year, if both the revocation and the new election are consistent with a change in family status as determined under the rules and regulations of the Department of the Treasury (e.g., marriage, divorce, death of a spouse or child, birth or adoption of a child and termination of employment or commencement of employment of a spouse). The request for a change in benefit elections granted under this Section must be communicated to the Employer or Plan Administrator, in writing, within thirty (30) days of the event giving rise to such change. Salary Reduction amounts shall be contributed on a pro-rata basis during the Plan Year. All individual Salary Reduction Agreements are deemed to be part of this Plan and incorporated by reference hereunder.

Notwithstanding anything in this Plan to the contrary, if the Premium Expense on behalf of each participant increases

or decreases during a Plan Year, the Plan Administrator may, on a reasonable and consistent basis, automatically increase or decrease all affected Participants' elective contributions for such Premium Expense, without a new election by Participants.

3.2 Application of Contributions

As soon as reasonably practical after each payroll period, the Employer shall apply the Salary Reduction to provide the Benefits elected by the affected Participants.

ARTICLE IV - BENEFITS

4.1 Benefit Options

The following Benefits shall be available under this Plan only if specifically elected by the Employer in Article X. The Employer reserves the right to amend, revoke or add any additional Benefits from time to time as it sees fit, subject to any applicable Federal laws. The Participant shall file with the Plan Administrator during the Election Period a Salary Reduction Agreement designating which Benefit(s) he wishes to participate in. As part of the agreement, the Participant shall designate an amount necessary for each elected Benefit.

4.2 Premium Options

- (a) Health Insurance Programs: These programs are intended to allow Participants to pay their portion of any Health Insurance Policy offered under this Cafeteria Plan with Participant Salary Reductions. The definition of "Health Insurance Policy" includes, but is not limited to, any policy covering medical, dental, psychological or psychiatric services, vision care or prescription drugs. Any Health Insurance Program offered under this Plan shall be available on a nondiscriminatory basis to any Eligible Participant. Any Benefit provided under this Program is to be considered a Premium Benefit and shall be paid from the Participant's Premium Reimbursement Account. The specific provisions of the Health Insurance Programs as set forth in a contract(s) or policy(s) issued by an Insurer and/or a Health Maintenance Organization are hereby incorporated herein as reference.
- (b) Group Term Life Insurance Program: These programs are intended to allow Participants to pay their portion of the Premium of any Group Term Life Insurance Programs offered by the Employer with Salary Reduction contributions to this Plan. The Participant may elect coverage for himself; however, any portion of the premium that covers the Participant's Covered Dependents shall not be allowed under this program. The specific provisions of the Group Term Life Insurance Program(s) as set forth in a(ny) contract(s) or policy(ies) issued by an Insurer shall be considered a part of this Plan its income insurance policies, or group accident and health, medical or other insurance policies that provide disability income benefits. The specific provisions of the Disability Insur-

ance Program(s) as set forth in a(ny) contract(s) or policy(ies) issued by an Insurer shall be considered a part of this Plan and shall be incorporated herein by reference. Disability Insurance Programs are Premium Benefits.

4.3 Dependent Care Benefits

For purposes of this Plan, “Dependent Care Expenses” means employment-related expenses for household services and expenses for the care of a Dependent incurred by, or on behalf of, the Participant to enable the Participant to be gainfully employed.

The Employer shall not pay, reimburse, provide, or make any provision under this Plan for any benefits with respect to employment-related expenses incurred for services outside the Participant’s household unless: (i) incurred for the care of a Dependent who is a Dependent under age 13 and for whom the Participant is entitled to a deduction under Section 151(c) of the Code; or (ii) incurred for the care of a Dependent who is physically or mentally incapable of caring for himself and who regularly spends at least eight hours each day in the Participant’s household.

In the case of employment-related expenses incurred for services provided outside the Participant’s household by a Dependent Care Center, the Participant shall certify that such center complies with all applicable laws and regulations of applicable state or local units of government.

Notwithstanding anything herein to the contrary, no amount shall be paid by the Employer for any payment by, or on behalf of, the Participant to: (i) any individual for whom a deduction is allowed under Section 151(c) of the Code (pertaining to exceptions for dependents) to the Participant or his Spouse, or (ii) any child of the Participant under age 19 at the close of the taxable year of the Participant during which payment is made.

The aggregate amount to be paid by the Employer hereunder in connection with Dependent Care Expenses incurred by a Participant during any Plan Year shall not exceed the lesser of: (i) the amounts elected by the Participant for the months of such Plan Year; (ii) the earned income of the Participant; (iii) the earned income of the Participant’s Spouse if they are married at the close of the Plan Year; or (iv) \$5,000, or \$2,500 in the case of a married Participant who files a separate return. In the case of a Spouse who is a student or incapable of caring for himself, the earned income of such Spouse shall be determined under Section 21(d)(2) of the Code.

4.4 Unreimbursed Medical Benefits

“Medical Care” means care received for the diagnosis, cure, mitigation, treatment or prevention of disease. Expenses paid for medical care shall include those paid for the purpose of affecting any structure or function of the body or for transportation and parking primarily for, and essential to, medical care.

Expenses paid for medical care shall also include, without limitations, payments for hospital services, nursing services, including nurses’ board where paid by the Participant, medi-

cal laboratory, surgical, optical, dental and other diagnostic and healing services, including services of psychiatrists, psychologists, psychoanalysts and related therapists and therapy, X-ray, medicine and drugs (as hereinafter defined), artificial teeth or limbs and ambulance hire. An expenditure that is merely beneficial to the general health, such as an expenditure for a vacation, is not an expenditure for medical care.

Expenses paid for medical care shall not include the cost of any lodging while away from home unless incurred primarily for, and essential to, medical care to the extent of \$50 for each night for each individual, if the amounts paid for lodging are not lavish or extravagant under the circumstances, the medical care is provided by a physician in a licensed hospital or equivalent medical facility, and there is not significant element of personal pleasure, recreation or vacation in the travel away from home. Where a person is in an institution because his condition is such that the availability of medical care in such institution is principal reason for his presence there, and meals and lodgings are furnished as a necessary incident to such care, the entire cost of medical care and meals and lodgings at the institution, which are furnished while the person requires continual medical care, shall constitute an expense for medical care.

“Medicines and Drugs” means drugs or biologicals that require a prescription of a physician for use by an individual.

4.5 Cash Benefit

If a Participant fails to make any election of Benefit options or does not elect any Salary Reduction, such Participant shall be deemed to have chosen the Cash Benefit as his sole Benefit option.

4.6 Reimbursement

Subject to the provisions and limitations set forth herein, the Administrator shall reimburse each Participant for expenses incurred in connection with eligible Dependent Care Expenses and eligible Medical Expenses incurred in connection with the benefits provided by the Plan to, or on behalf of, the Participant. Whether or not expenses qualify for payment or reimbursement hereunder shall be determined exclusively by the Administrator, in a uniform and nondiscriminatory manner. Except to the extent prohibited by law, any amount by which the Participant’s salary has been reduced in excess of the amounts reimbursed to the Participant shall be forfeited to the Employer.

Notwithstanding any other provision in this Plan to the contrary, reimbursement for any claim under this Plan shall be made based on the date the expense is incurred, and not when it is paid. In addition, reimbursement can only be made for expenses incurred in a Plan Year with the Participant’s Salary Reductions for that Plan Year. Participants shall be given a 60 day period after the end of a Plan Year to submit claims for reimbursement that were incurred in that prior Plan Year. At the expiration of the 60-day period, the Plan Administrator shall not consider any claims received for reimbursement.

In accordance with procedures established by the Administrator, each Participant shall submit to the Administrator an itemized list of eligible Dependent Care Expenses and/or eligible Medical Expenses for which the Participant is claiming reimbursement on account of the payment thereof. The Administrator may require a Participant to furnish invoices, bills or other evidence in connection with any one or more of the itemized expenses or the payment thereof.

Subject to the limitations herein, reimbursement for the amount of an authorized claim shall be made on the 10th (or the next following workday if the 10th falls on a weekend or holiday) day of each month, for claims received by the Plan Administrator on or before the first day of the month (or the next following workday if the first falls on a weekend or holiday), unless otherwise determined by the Administrator and communicated to Participants.

With regards to eligible medical expenses, reimbursement to Participants for allowable medical expenses, up to the maximum amount elected for the Plan Year by the Participant for the Benefit, shall be made available to the Participant throughout the Plan Year without regard to the contributions made to the Benefit by the Participant at any time during the Plan Year. An example is as follows:

- Assume a Participant is paid bimonthly and has elected to contribute \$1,200 for a Plan Year (calendar-year plan).
- Assume that at March 1, the Participant has deferred \$200 to the Plan and incurs an eligible medical expense of \$300. The Plan would reimburse the Participant the full \$300 at that point in time.

4.7 Reversion to Employer

At the end of the Plan Year, any interest, income, or excess funds attributable to Participant contributions shall become the sole property of the Employer. In no event shall said funds be used to reduce Participant contributions for a future Plan Year. Should the Plan be terminated by the Employer during or after the end of a Plan Year, the Employer shall have full right to any assets in this Plan, after all obligations owed to Participants, Covered Dependents, or designated beneficiaries under the Plan, have been satisfied.

4.8 Nondiscrimination Requirements

- (a) It is the intent of this Cafeteria Plan not to discriminate as to contributions or Benefits provided to Highly Compensated Participants as defined in Section 1.13.
- (b) It is the intent of this Cafeteria Plan not to provide qualified benefits as defined under Code Section 125(f) to Key Employees in amounts that exceed 25% of the aggregate of such Benefits provided for all Eligible Employees under the Plan. For purposes of the nondiscrimination requirements, "Key Employee" shall mean an employee defined in Code Section 416(i)(1) and the Treasury regulations thereunder.
- (c) If the Administrator deems it necessary to avoid discrimination or possible taxation to Highly Compensated Employees or Key Employees in violation of Code Section

125, it may, but shall not be required to, reject any election or reduce contributions or nontaxable benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. Contributions that are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited.

ARTICLE V - PARTICIPANT ELECTIONS

5.1 Initial Elections

An Employee who meets the eligibility requirements of Section 2.1 on the first day of, or during, a Plan Year may elect to participate in this Plan for all or the remainder of such Plan Year, provided he elects to do so before his effective date of participation pursuant to Section 2.1. However, if such Employee does not complete an application to participate and a benefit election form and deliver it to the Administrator before such date, his Election Period shall extend 30 calendar days after such date, or for such further period as the Administrator shall determine and apply on a uniform and nondiscriminatory basis. However, any election pursuant to this Section 5.1 shall not be effective until the first pay period following the later of such Participant's effective date of participation pursuant to Section 2.1 or the date of the receipt of the election form by the Administrator, and shall be limited to the Benefit expenses incurred for the balance of the Plan Year for which the election is made.

5.2 Subsequent Annual Elections

During the Election Period prior to each subsequent Plan Year, each Participant shall be given the opportunity to elect, on an election of benefits form to be provided by the Administrator, which Benefit options he wishes to select and purchase with his Salary Reductions. Any such election shall be effective for any Benefit expenses incurred during the Plan Year that follows the end of the Election Period. With regard to subsequent annual elections, the following options shall apply:

- a) A Participant or Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Election Period;
- b) A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Election Period that he does not want to participate in the Plan for the next Plan Year;
- c) An Employee who elects not to participate for the Plan Year following the Election Period will have to wait until the next Election Period before again electing to participate in the Plan.

5.3 Failure to Elect or Return Election Form

Any Participant failing to complete an election of benefits form pursuant to Section 5.2 by the end of the applicable Election Period shall be deemed to have made the same

Benefit option elections as are then in effect for the current Plan Year. The Participant shall also be deemed to have elected Salary Reduction in an amount necessary to purchase such Benefit options.

5.4 Change of Election

Any Participant may change a Benefit election after the Plan Year (to which such election relates) has commenced and make new elections with respect to the remainder of such Plan Year if the changes are necessitated by, and are consistent with, a change in family status which is acceptable under rules and regulations adopted by the Department of the Treasury (e.g., marriage, divorce, death of Spouse or child, birth or adoption of child and commencement or termination of employment of a Spouse). Any request for a change of Benefit elections must be communicated to the Plan Administrator in writing within 30 days of the event giving rise to such change. If such request for a change is not submitted to the Plan Administrator within 30 days, the Participant will not be allowed to change Benefit elections until the next Election Period.

ARTICLE VI - ERISA PROVISIONS

6.1 Claim for Benefits

- (a) Any claim for Benefits issued by an Insurance Contract shall be made to the Insurer. If the Insurer denies any claim, the Participant or beneficiary shall follow the Insurer's claims review procedure. Any other claim for Benefits shall be made to the Administrator. If the Administrator denies a claim, the Administrator may provide notice to the Participant or beneficiary, in writing, within 90-days after the claim is filed unless special circumstances require an extension of time for processing the claim. If the Administrator does not notify the Participant of the denial of the claim within the 90 day period specified above, then the claim shall be deemed denied. The notice of a denial of a claim shall be written in a manner calculated to be understood by the claimant and shall set forth:
- 1) specific references to the pertinent Plan provisions on which the denial is based;
 - 2) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and
 - 3) an explanation of the Plan's claim procedure.
- (b) Within 60 days after receipt of the above material, the claimant shall have a reasonable opportunity to appeal the claim denial to the Administrator for a full and fair review. The claimant or his duly authorized representative may:
- 1) request a review upon written notice to the Administrator;

- 2) review pertinent documents; and
- 3) submit issues and comments in writing.

- (c) A decision on the review by the Administrator will be made not later than 60 days after receipt of a request for review, unless special circumstances require an extension of time for processing (such as the need to hold a hearing), in which event a decision should be rendered as soon as possible, but in no event later than 120 days after such receipt. The decision of the Administrator shall be written in a manner calculated to be understood by the claimant, with specific references to the pertinent Plan provisions on which the decision is based.

6.2 Named Fiduciary

The Administrator shall be the named fiduciary pursuant to ERISA Section 402 and shall be responsible for the management and control of the operation and administration of the Plan.

6.3 General Fiduciary Responsibilities

The Administrator and any other fiduciary under ERISA shall discharge their duties with respect to this Plan solely in the interest of the Participants and their beneficiaries and:

- a) for the exclusive purpose of providing Benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the Plan;
- b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and
- c) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with ERISA.

ARTICLE VII - ADMINISTRATION

7.1 Plan Administration

The operation of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Employees entitled to participate in the Plan. The Administrator shall have full power to administer the Plan in all of its details, subject, however, to the pertinent provisions of the Code. The Administrator's powers shall include, but shall not be limited to, the following authority, in addition to all other powers provided by this Plan:

- a) To make and enforce such rules and regulations as the Administrator deems necessary or proper for the efficient administration of the Plan;
- b) To interpret the Plan, the Administrator's interpretations thereof in good faith to be final and conclusive on all persons claiming benefits under the Plan;

- c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided under the Plan;
- d) To reject elections or to limit contributions or Benefits for certain highly compensated participants if it deems such to be desirable in order to avoid discrimination under the Plan in violation of applicable provisions of the Code;
- e) To approve reimbursement requests and to authorize the payment of benefits; and
- f) To appoint such agents, counsel, accountants, consultants, and actuaries as may be required to assist in administering the Plan.

7.2 Examination of Records

The Administrator will make available to each Participant such records as pertain to the Participant for examination at reasonable times during normal business hours.

7.3 Payment of Expenses

Any reasonable administrative expenses shall be paid by the Employer. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of highly compensated employees.

7.4 Insurance Control Clause

In the event of a conflict between the terms of this Plan and the terms of an Insurance Contract of a particular Insurer whose product is then being used in conjunction with this Plan, the terms of the Insurance Contract shall control as to those Participants receiving coverage under such Insurance Contract. For this purpose, the Insurance Contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions that must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

**ARTICLE VIII
AMENDMENT OR TERMINATION OF PLAN**

8.1 Amendment

The Employer, at any time or from time to time, may amend any or all of the provisions of the Plan without the consent of any Employee or Participant. No amendment shall have the effect of reducing any benefit election of any Participant in effect at the time of such amendment, unless such amendment is made to comply with federal, state or local laws, statutes or regulations.

8.2 Termination

The Employer reserves the right to terminate the Plan, in whole or in part, at any time. In the event the Plan is terminated, no further contributions shall be made. Benefits

under any Insurance Contract shall be paid in accordance with the terms of the Contract.

ARTICLE IX - MISCELLANEOUS

9.1 Plan Interpretation

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section 9.11.

9.2 Gender and Number

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases when they would so apply.

9.3 Non-alienation of Benefits

No benefit, right or interest of any person hereunder shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, seizure, attachment or legal, equitable or other process, or be liable for, or subject to, the debts, liabilities or other obligations of such person, except as otherwise required by law.

9.4 Exclusive Benefit

This Plan shall be maintained for the exclusive benefit of the Participants.

9.5 Participant's Rights

This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

9.6 Action by the Employer

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

9.7 Employer's Protective Clauses

- (a) Upon the failure of either the Participant or the Employer to obtain the insurance contemplated by this Plan (whether as a result of negligence, gross neglect or otherwise), the

Participant's Benefits shall be limited to the insurance premium, if any, that remained unpaid for the period in question and the actual insurance proceeds, if any, received by the Employer or the Participant as a result of the Participant's claim.

- (b) The Employer shall not be responsible for the validity of any Insurance Contract issued hereunder or for the failure on the part of the Insurer to make payments provided for under any Insurance Contract, or for the action of any person that may delay or render null and void or unenforceable, in whole or in part, an Insurance Contract.

9.8 Funding

Unless otherwise required by law, contributions to the Plan need not be placed in trust or dedicated to a specific Benefit, but shall instead be considered general assets of the Employer until the Premium Expense required under the Plan has been paid. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Employer or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the Plan may be made.

9.9 Other Salary-Related Plans

It is intended that any other salary-related employee benefit plans that are maintained or sponsored by the Employer shall not be affected by this Plan. Any contributions or benefits under such other plans with respect to a Participant shall, to the extent permitted by law and not otherwise provided for in such other plan, be based on his or her total compensation from the Employer, including any amounts by which his or her salary or wages may be reduced pursuant to the provisions of Section 3.1.

9.10 Governing Law

This Plan is governed by the Code and the Treasury regulations issued thereunder (as they may be amended from time to time). In no event shall the Employer guarantee the favorable tax treatment sought by this Plan. To the extent not preempted by federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the state in which the Employer's main office is situated.

9.11 Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

9.12 Captions

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.

9.13 Continuation of Coverage

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan subject to the continuation coverage requirement of Code Section 4980B(f) becomes unavailable, each Participant will be entitled to continuation coverage as prescribed in Code Section 4980B(f).

The enclosed contract is provided for reference purposes only. The employer understands and agrees that Life Group Administrators and/or NTMA is in no way liable for the legal or tax aspects of this Plan.

ARTICLE X

ELECTIVE PROVISIONS

The following information pertains to the Employer and the Employer's chosen provisions, including benefits, of the Flexible Benefit Plan:

1. Employer: _____

2. Address: _____

3. Employer Telephone Number: (____)_____

4. Employer Tax ID Number: ____-_____

5. Three Digit Plan Number: _____ (i.e., 501, 502, etc.)

6. Plan Fiscal Year (must be a twelve consecutive month period)

7. Short Initial Plan Year: Beginning ____/____/____
Ending ____/____/____

8. Plan Name: _____

9. Plan Administrator: _____

10. Legal Organization of Employer:
 a. Sole Proprietorship d. Not for Profit Corp.
 b. Partnership e. S Corporation
 c. C Corporation f. Other: _____

11. Other Members of a Controlled Group or Affiliated Service Group: (If any, each Member should sign this Agreement or otherwise satisfy applicable participation requirements).

12. BENEFIT OPTIONS: (The Employer may elect any one or all three options) (Reference Section 1.3).

- a. Premium Benefit
- b. Dependent Care Benefit
- c. Unreimbursed Medical Benefit
- d. Cash Benefit

13. EFFECTIVE DATE: (Reference Section 1.7) ____/____/____

14. EMPLOYEE: (Reference Section 1.10) The following Employees shall not be eligible to participate under this Plan, even if they meet the eligibility requirements of Section 2.1:

- a. Employees who are nonresident aliens and receive no earned income from the Employer which constitutes income from sources within the United States.
- b. Employees who are included in a unit of employees covered by a collective bargaining agreement, provided that benefits were the subject of good faith negotiations.

15. ELIGIBILITY REQUIREMENTS: (Reference Section 2.1):

- a. _____ months of service b. The Entry Date is the first day of the month
- c. Calendar quarter following satisfaction of the service requirement.

16. LIMITATION ON ANNUAL SALARY REDUCTIONS FOR BENEFITS: (The Employer must elect a dollar limit for each Benefit offered.)

- a. \$ _____ for Premium Benefit (This annual dollar limit is normally set at the highest premium expense any one Employee could pay: for example, the Employee's portion of family coverage.)
- b. \$ _____ for Unreimbursed Medical Benefit (This annual dollar limit is normally set at the level the Employer anticipates Employees could most effectively utilize the Plan.)
- c. \$ _____ for Dependent Care Benefit (The dollar cap for this Benefit cannot exceed \$5,000 for a Plan Year.)

The Employer has hereby executed this Agreement this _____ day of _____, 19____, effective as of the date above written.

(Employer)

By: _____

Title: _____