

**ADOPTION AGREEMENT
CAFETERIA PLAN**

The undersigned adopting employer hereby adopts this Plan. The Plan is intended to qualify as a cafeteria plan under Code section 125. The Plan shall consist of this Adoption Agreement, its related Basic Plan Document and any related Appendix and Addendum to the Adoption Agreement. Unless otherwise indicated, all Section references are to Sections in the Basic Plan Document.

COMPANY INFORMATION

1. Name of adopting employer (Plan Sponsor): _____
2. Address: _____
3. City: _____ 4. State: _____ 5. Zip: _____
6. Phone number: _____ 7. Fax number: _____
8. Plan Sponsor EIN: _____
9. Plan Sponsor fiscal year end: _____
- 10a. Plan Sponsor entity type:
 - i. C Corporation
 - ii. S Corporation
 - iii. Non profit
 - iv. Partnership
 - v. Limited Liability Company
 - vi. Limited Liability Partnership
 - vii. Sole Proprietorship
 - viii. Union
- 10b. If 10a.viii (Union) is selected, enter name of the representative of the parties who established or maintain the Plan: _____
11. State of organization of Plan Sponsor: _____
- 12a. The Plan Sponsor is a member of an affiliated service group:
 Yes No
- 12b. If 12a is "Yes", list all members of the group (other than the Plan Sponsor): _____
- 13a. The Plan Sponsor is a member of a controlled group:
 Yes No
- 13b. If 13a is "Yes", list all members of the group (other than the Plan Sponsor): _____

PLAN INFORMATION

A. GENERAL INFORMATION

1. **Plan Number:** _____
2. **Plan name:**
 - a. _____
 - b. _____
3. **Effective Date:**
- 3a. Original effective date of Plan: _____
- 3b. Is this a restatement of a previously-adopted plan?
 Yes No
- 3c. If A.3b is "Yes", effective date of Plan restatement: _____.
NOTE: If A.3b is "No", the Effective Date shall be the date specified in A.3a, otherwise the date specified in A.3c; provided, however, that when a provision of the Plan states another effective date, such stated specific effective date shall apply as to that provision.
- 4a. **Plan Year** means each 12-consecutive month period ending on _____(e.g. December 31). If the Plan Year changes, any special provisions regarding a short Plan Year should be placed in the Addendum to the Adoption Agreement.
- 4b. The Plan has a short plan year:
 Yes No
- 4c. If A.4b is "Yes", the short plan year begins _____ and ends on _____.

Plan Features

- 10a. **Premium Conversion Account.** Contributions to fund a Premium Conversion Account are permitted (Section 4.01) (If "No", questions regarding Premium Conversion Accounts are disregarded.):
 Yes No
- 10b. If A.10a is "Yes", select the types of Insurance Contracts for which a Participant may seek reimbursement under Section 4.01:
 - i. Employer Group Medical
 - ii. Employer Dental
 - iii. Employer Disability
 - iv. Employer Group Term Life

- v. Individually - Owned Medical
- vi. Individually - Owned Dental
- vii. Individually - Owned Disability
- viii. Other

- 10c. If **A.10a** is "Yes" and **A.10b.viii** (other contracts) is selected, describe other types of Insurance Contracts: _____.
- 11a. **Health Care Reimbursement Account.** Contributions to fund a Health Care Reimbursement Account are permitted (Section 4.02) (If "No", questions regarding Health Care Reimbursement Accounts are disregarded.):
 Yes No
- 11b. **HSA Account.** Contributions to fund an HSA Account are permitted (Section 4.08):
 Yes No
12. **Dependent Care Assistance Account.** Contributions to fund a Dependent Care Assistance Account are permitted (Section 4.03) (If "No", questions regarding Dependent Care Assistance Accounts are disregarded.):
 Yes No
NOTE: The maximum amount of expense that may be contributed/reimbursed in any Plan Year for the Dependent Care Assistance Account is the maximum amount permitted by federal tax law (\$5,000 or \$2,500 if the Participant is married and filing a separate federal tax return).
13. **Adoption Assistance Account.** Contributions to fund an Adoption Assistance Account are permitted. (Section 4.04) (If "No", questions regarding Adoption Assistance Accounts are disregarded.):
 Yes No
NOTE: The maximum amount of expense that may be contributed/reimbursed for the Adoption Assistance Account is the maximum amount permitted by federal tax law for the prior year (\$10,960 for Plan Years beginning in 2006). The annual limit shall be reduced for adoption assistance expenses incurred any prior Plan Year.

B. ELIGIBILITY

Exclusions/Modifications

The term "Eligible Employee" shall not include (Check items **B.1 - B.5a** as appropriate):

1. **Union.** Any Employee who is included in a unit of Employees covered by a collective bargaining agreement, if benefits were the subject of good faith bargaining, and if the collective bargaining agreement does not provide for participation in this Plan.
2. Any **leased employee.**
3. **Non-Resident Alien.** Any Employee who is a non-resident alien who received no earned income (within the meaning of Code section 911(d)(2)) which constitutes income from services performed within the United States (within the meaning of Code section 861(a)(3)).
4. **Part-time.** Any Employee who is expected to work less than _____ hours per week.
- 5a. **Other.** Other Employees described in **B.5b** (any exclusion must satisfy Code section 125(g) and the requirements under Section 5.01).
- 5b. If **B.5a** is selected, describe other Employees excluded from definition of Eligible Employee: _____.
- 6a. Allow immediate participation for all Eligible Employees employed on the date specified in **B.6b**:
 Yes No
- 6b. If **B.6a** is "Yes", all Eligible Employees employed on _____ shall become eligible to participate in the Plan as of such date.
7. If **A.10a** is "Yes", (Contributions to fund a Premium Conversion Account are permitted), an Employee shall be an Eligible Employee with respect to the Premium Conversion Account if the Employee is eligible to participate in the benefit plans described in **A.10b**:
 Yes No
- 8a. Indicate whether the Plan will make any other revisions to the term "Eligible Employee":
 Yes No
- 8b. If **B.8a** is "Yes", describe any further modifications to the term "Eligible Employee": _____.

Service Requirements

10. Minimum age requirement for an Eligible Employee to become eligible to be a Participant in the Plan: _____
11. Minimum service requirement for an Eligible Employee to become eligible to be a Participant in the Plan:
 - i. None.
 - ii. Completion of _____ hours of service
 - iii. Completion of _____ days of service
 - iv. Completion of _____ months of service
 - v. Completion of _____ years of service
- 12a. Frequency of entry dates:
 - i. An Eligible Employee shall become a Participant in the Plan as soon as administratively feasible upon meeting the requirements of **B.10** and **B.11**.
 - ii. first day of each calendar month
 - iii. first day of each plan quarter

- iv. first day of the first month and seventh month of the Plan Year
- v. first day of the Plan Year
- 12b. If **B.12.a.i** (immediate entry) is not selected, an Eligible Employee shall become a Participant in the Plan on the entry date selected in **B.12a** that is:
 - i. coincident with or next following
 - ii. next following
 the date the requirements of **B.10** and **B.11** are met.
- 13. If **A.10a** is "Yes", (Contributions to fund a Premium Conversion Account are permitted), an Eligible Employee shall become eligible to become a Participant in the Plan with respect to the Premium Conversion Account at the same date as he or she becomes eligible to participate in the Insurance Contracts(s) described in **A.10b**:
 Yes No
- 14a. Indicate whether the Plan will make any other revisions to the eligibility rules specified in **B.10 - B.13**:
 Yes No
- 14b. If **B.14a** is "Yes", describe any further modifications to the eligibility rules specified in **B.10 - B.13**: _____.

Transfers/Rehires

- 15. Permit Participants who are no longer Eligible Employees (for reasons other than Termination) to continue to participate in the Plan until the end of the Plan Year (Section 3.02):
 Yes No
NOTE: If "No" is selected, a Participant who has a change in job classification or a transfer that results in the Participant no longer qualifying as an Eligible Employee shall cease to be a Participant as of the effective date of such change of job classification or transfer.
- 16. Automatically reinstate benefit elections for Terminated Participants who are rehired within 30 days of Termination and permit new benefit elections for Terminated Participants who are rehired more than 30 days after Termination (Section 3.03(a)):
 Yes No
NOTE: If "No" is selected, a Terminated Participant shall not be able to Participate in the Plan until the later of the first day of the subsequent Plan Year or the first entry date following reemployment.

C. BENEFITS

Premium Conversion

- 1a. If **A.10a** is "Yes" (Contributions to fund a Premium Conversion Account are permitted), provide for automatic enrollment for the Premium Conversion Account:
 Yes No
NOTE: If **C.1a** is "Yes", a Participant shall be deemed to elect to contribute the entire amount of any premiums payable by the Participant for the benefit plans described in **A.10b**.
- 1b. If **A.10a** is "Yes" (Contributions to fund a Premium Conversion Account are permitted), provide for automatic adjustment of Participant elections for changes in the cost of insurance pursuant to the terms of Treas. Reg. 1.125-4:
 Yes No

Health Care Reimbursement

- 2. If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), enter the maximum amount that can be contributed to a Health Care Reimbursement Account in any Plan Year: _____.
- 3. If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), specify whether a Participant shall continue making contributions after Termination of employment for the remainder of the Plan Year:
 - i. Yes - Continue contributions on an after-tax basis and reimbursements will be allowed for the remainder of the Plan Year.
 - ii. No - Contributions shall cease upon Termination and reimbursements will be allowed only for expenses incurred prior to Termination.**NOTE:** Any required COBRA elections described in Section 4.06 shall supersede this **C.3**.
- 4a. If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), indicate whether a Participant may revise a Health Care Reimbursement Account election upon a change of status:
 - i. Yes - without limitation
 - ii. Yes - but no decrease to the extent that new annual contribution amount would be less than the amount previously reimbursed at the time of the election change
 - iii. Yes - a Participant may only increase an election upon a change of status
 - iv. Yes - with limitations described in **C.4b**.
 - v. No**NOTE:** The rules regarding the revision of Health Care Reimbursement Account elections in this **C.4** are also subject to the conditions and limitations provided in **C.12**.
- 4b. If **A.11** is "Yes" and if **C.4a.iv** is selected (Yes - with limitations described in **C.4b**), describe the limitations: _____.

- 5a. If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), exclude coverage for over the counter drugs:
 Yes No
- 5b. If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), exclude coverage for other expenses described in **C.5c**:
 Yes No
- 5c. If **A.11** is "Yes" and **C.5b** is "Yes", describe other expenses that are not eligible for reimbursement: _____.
NOTE: If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), reimbursements may be made for any expense that qualifies for exclusion from income under Code section 105(b) (other than certain long term care expenses and insurance premiums), except as provided in **C.5a-c**.
- 6a. If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), describe method to coordinate coverage in the Plan with Health Savings Accounts (Section 6.01(j)):
i. **None**. Coverage in the Plan is not limited or the Plan is not used in conjunction with a Health Savings Account.
ii. **Permitted Coverage**. Coverage in the Plan is only provided for permitted insurance and other specified coverage (e.g., coverage for accidents, disability, dental care, vision care or preventive care within the meaning of Code section 223(c)(1) and Rev. Rul. 2004-45 (but not through insurance or for long-term care services).
iii. **Post Deductible Coverage**. The Plan will not pay or reimburse any medical expense incurred before the minimum annual deductible under Code section 223(c)(2)(A)(i) is satisfied.
iv. **Both Permitted and Post Deductible Coverage**. Until the minimum annual deductible under Code section 223(c)(2)(A)(i) is satisfied, coverage in the Plan is only provided for permitted insurance and other specified coverage (e.g., coverage for accidents, disability, dental care, vision care or preventive care within the meaning of Code section 223(c)(1) and Rev. Rul. 2004-45 (but not through insurance or for long-term care services). The Plan will pay or reimburse all medical expenses otherwise allowed by the Plan incurred after the minimum annual deductible under Code section 223(c)(2)(A)(i) is satisfied.
- 6b. If **A.11** is "Yes", **C.6a** is not "None" and **D.3a** is "Yes" (grace period allowed), indicate period when the limitations described in **C.6a** apply:
i. Entire Plan Year.
ii. Only during the grace period described in **D.3**.
NOTE: If no grace period is allowed in **D.3a**, the limitations in **C.6a** shall apply for the entire Plan Year.
- 6c. If **A.11** is "Yes" and **C.6a** is not "None", the limitations shall apply to:
i. All Participants.
ii. Only Participants who are also eligible to participate in the high deductible health plan.
NOTE: If **C.6a** is "None" or **C.6c** is not "All Participants", eligibility for a Health Savings Account may be limited.
7. If **A.11** is "Yes" (Contributions to fund a Health Care Reimbursement Account are permitted), describe method to coordinate coverage in the Plan with a Company-sponsored health reimbursement arrangement ("HRA") for expenses that are reimbursable under both this Plan and the HRA (Section 6.01(e)):
i. **None**. Plan is not used in conjunction with a Company-sponsored HRA.
ii. **HRA first**. A Participant shall not be entitled to payment/reimbursement under the Health Care Reimbursement Account until the Participant has received his or her maximum annual reimbursement under the HRA.
iii. **Cafeteria plan first**. A Participant shall not be entitled to payment/reimbursement under the HRA until the Participant has received his or her maximum annual reimbursement under the Health Care Reimbursement Account.

Company Contributions

- 8a. Indicate whether the Company may contribute to the Plan (Section 4.08):
i. Yes - in Company's sole discretion.
ii. Yes - pursuant the method described in **C.8b**.
iii. No.
- 8b. If **C.8a** is "Yes - pursuant the method described in **C.8b**", describe how the contributions are determined and allocated:
_____.
- 9a. If **C.8a** is not "No", indicate whether the Plan permits Participants to elect cash in lieu of benefits:
i. No.
ii. Yes - with limitation.
iii. Yes - without limitation.
- 9b. If **C.8a** is not "No" and **C.9a** is "Yes - with limitation", describe any limitations: _____.

Elections

NOTE: The Plan Administrator may establish a minimum dollar amount or percentage of Compensation for all elections provided that such minimum is non-discriminatory.

10. When may continuing Participants **make** elections regarding contributions (Section 4.06(b)):
i. The _____ day period ending prior to the beginning of the Plan Year
ii. Pursuant to Plan Administrator procedures.
NOTE: If **C.10.i** is selected, the Plan Administrator may require that elections be made no later than a certain number of days prior to the beginning of the Plan Year. See Section 4.06(a) for procedures regarding new Participants.

11. The election for a continuing Participant who fails to make an election within the period described in **C.10** shall be determined in accordance with the following (Section 4.06(c)-(d)):
- i. **Election not to participate.** The Participant shall be treated as having elected not to participate in the Plan.
 - ii. **Continue same election.** Elections for the applicable Plan Year shall be the same as the elections made in the prior Plan Year.
 - iii. **Continue same election for the Premium Conversion Account.** Elections for the applicable Plan Year shall be the same as the elections made in the prior Plan Year but only with respect to the Premium Conversion Account. The Participant shall be treated as having elected not to participate in the Plan with respect to any other Accounts.
12. When may Participants **modify** elections regarding contributions (Section 4.07(a)):
- i. At any time permitted under Treas. Reg. section 1.125-4.
 - ii. Pursuant to Plan Administrator procedures.
- 13a. A Participant may elect to continue coverage on a pre-tax or after tax basis for non medical benefits when on leave of absence under the FMLA (Section 4.06(f)):
- i. Yes - A Participant may continue coverage for all benefits to which he is entitled when on FMLA leave.
 - ii. No - A Participant may continue coverage for Premium Conversion Accounts and Health Care Reimbursement Accounts only.
- 13b. A Participant may elect to continue coverage on a pre-tax or after tax basis pursuant to **C.13a** when on a leave of absence other than a leave of absence under the FMLA:
- i. Yes.
 - ii. Yes - but subject to the conditions and limitations described in **C.13c**.
 - iii. No.
- 13c. If **C.13b** is "Yes - but subject to conditions and limitations", describe the conditions and/or limitations: _____.

D. PLAN OPERATIONS

Claims

1. Claims for reimbursement must be filed with the Plan Administrator within _____ days following the last day of each Plan Year (Section 6.01).
2. Claims for reimbursement must be filed with the Plan Administrator within _____ days following Termination of Employment (Section 6.01).
- NOTE:** Claims must be submitted by the earlier of the time specified in **D.1** and **D.2**.
- 3a. The Plan provides for a 2-1/2 month grace period described in IRS Notice 2005-42 immediately following the end of each Plan Year (Section 4.05(c)):
- i. Yes.
 - ii. Yes - but limited to the Accounts described in **D.3c**.
 - iii. No.
- NOTE:** Claims for reimbursement must be filed with the Plan Administrator within the number of days specified in **D.1** following the last day of the grace period.
- 3b. If **D.3a** is not "No", enter the first day of the first Plan Year for which the grace period will apply: _____.
- 3c. If **D.3a** is "Yes - but limited to certain Accounts", enter the Accounts that are eligible for the grace period: _____.
4. Indicate whether the Company will provide debit, credit, and/or other stored-value cards for Health Care Reimbursement Accounts (Section 6.01(i)):
- Yes No

Plan Administrator

- 5a. Designation of Plan Administrator (Section 7.01):
- i. Plan Sponsor
 - ii. Committee appointed by Plan Sponsor
 - iii. Other
- 5b. If **D.5a.iii** is selected, Name of Plan Administrator: _____
- 6a. Type of indemnification for the Plan Administrator (Section 7.02):
- i. None - the Company will not indemnify the Plan Administrator.
 - ii. Standard as provided in Section 7.02.
 - iii. Custom.
- 6b. If **D.6a.iii** (Custom) is selected, indemnification for the Plan Administrator is provided pursuant to an Addendum to the Adoption Agreement.

Other Provisions

- 7a. Claims/notices should be submitted to:
- i. Plan Sponsor
 - ii. Other
- 7b. If **E.7a** is Other, indicate where claims should be sent:

- i. Name: _____
- ii. Address: _____
- iii. Phone: _____

- 8. Indicate whether the Health Care Reimbursement Account is subject to COBRA (Section 4.06(g)):
 Yes No
- 9. Indicate whether the Health Care Reimbursement Account is subject to the HIPAA privacy rules (Section 7.03):
 Yes No
- 10. Indicate whether the Plan is subject to FMLA (Section 4.06(f)):
 Yes No

E. EFFECTIVE DATES

Use this Section to provide any effective dates for Plan provisions other than the Effective Date specified in **A.3**.

F. EXECUTION PAGE

Failure to properly fill out the Adoption Agreement may result in the failure of the Plan to achieve its intended tax consequences.

The Plan shall consist of this Adoption Agreement, its related Basic Plan Document #125 and any related Appendix and Addendum to the Adoption Agreement.

Additional participating employers may be specified in an addendum to the Adoption Agreement.

The undersigned agree to be bound by the terms of this Adoption Agreement and Basic Plan Document and acknowledge receipt of same. The Plan Sponsor caused this Plan to be executed this ____ day of _____, 200____.

PLAN SPONSOR (COMPANY):
