

SUMMARY OF MATERIAL MODIFICATIONS TO THE CAFETERIA PLAN

This document summarizes important changes to your Cafeteria Plan (the “Plan”) and Health Flexible Spending Account (“Health FSA”). If you have any questions regarding the changes summarized in this Summary of Material Modifications (“SMM”), you should contact your employer. You should keep a copy of this SMM with your Summary Plan Description for future reference.

This SMM is effective with the first plan year beginning on or after December 1, 2013.

Notwithstanding anything to the contrary in the Summary Plan Description, Health FSA balances that are unused for a Plan Year may be used for reimbursement of eligible Health FSA expenses incurred at any time in the subsequent Plan Year (in addition to the amount that is otherwise available for reimbursement in the subsequent Plan Year) subject to the following terms and conditions:

- No more than \$500 of the unused amount for a Plan Year (“Carryover Maximum”) may be rolled over for use in the subsequent Plan Year.
- The specific Carryover amount is generally determined at the end of the run out period following such Plan Year (“Carryover”).
 - For example, if you have an unused Health FSA balance at the end of the 2013 Plan Year equal to \$1,000, and you have no other expenses that were incurred in 2013, your 2013 Carryover amount that may be used in the 2014 Plan Year is \$500. However, if you have 2013 Plan Year expenses equal to \$600 that you timely submit during the run out period for the 2013 Plan Year, then your 2013 Carryover amount that may be used in the 2014 Plan Year will only be \$400.
- If you incur an eligible expense during a Plan Year (“Current Year Expense”) but before the end of the prior Plan Year’s run out period, the plan administrator may, at its discretion, apply up to \$500 of the amount unused at the end of the prior Plan Year (if any) towards the Current Year Expense. NOTE: This will reduce the amount that is available to reimburse expenses incurred during the prior Plan Year (“Prior Year Expenses”) submitted during the prior Plan Year’s run out period and it will reduce the Carryover Maximum by the same amount.
 - For example, assume that you have \$800 at the end of the 2013 Plan Year and you have elected \$2,500 for the 2014 Plan Year. On February 1, 2014, you incur a \$2,700 eligible medical expense. The entire \$2,700 expense will be reimbursed with the \$2,500 elected for 2013 and \$200 of the \$800 unused at the end of the 2013 Plan Year. However, only \$600 will be available for 2013 Plan Year expenses submitted during the run out period for the 2013 Plan Year and your 2013 Carryover Maximum is reduced to \$300

(\$500 maximum minus the \$200 already used). Further assume that after reimbursement of the \$2,700 expense that was incurred on February 1, 2014, but before the end of the run out period for the 2013 Plan Year, you submit a \$750 expense incurred in 2013. Only \$600 of the 2013 expense will be reimbursed and you will have no 2013 Carryover for use in the 2014 Plan Year.

- The Carryover does not count against the maximum salary reduction election identified in the Summary Plan Description.
- If you are otherwise eligible for the Health FSA for a Plan Year but you do not make an election to participate, you may still use any Carryover from the prior Plan Year for Current Year Expenses and Prior Year Expenses (in accordance with terms of the Plan and the ordering rules described above).
- Under IRS rules, if you have unused Health FSA amounts on the last day of a Plan year in a general purpose Health FSA (i.e., anything other than a \$0 balance), you (and your spouse, if you are married) cannot contribute to an HSA during the following plan year. For this purpose, whether you have unused Health FSA amounts 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 the claims have been submitted). Unless, based on IRS clarification, your employer allows you to waive any Carryover eligibility and/or direct such amount to a limited purpose Health FSA (if offered) you must exhaust your general purpose Health FSA account prior to the last day of the Plan Year to retain HSA eligibility.
- You must be a participant in the Health FSA as of the last day of the Plan year to benefit from the Carryover. Termination of employment and cessation of eligibility will generally result in a loss of Carryover eligibility unless a COBRA election is made.