

REGION 4 EDUCATION SERVICE CENTER

SECTION 125 CAFETERIA PLAN

SUMMARY PLAN DESCRIPTION

**Amendment and Restatement
Effective September 1, 2007**

Prepared by:

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REGION 4 EDUCATION SERVICE CENTER SECTION 125 CAFETERIA PLAN (“the Plan”)

SUMMARY PLAN DESCRIPTION

PART I. PLAN INFORMATION

I. INTRODUCTION

1.1. Sponsorship of Cafeteria Plan. Region 4 Education Service Center (“the Employer”) is pleased to sponsor an employee flexible benefit program for you and your fellow employees. Under Section 125 of the Internal Revenue Code, it is also known as a “cafeteria plan”. It is so-called because it allows you to choose from a menu of different insurance and fringe benefit programs according to your individual needs.

1.2. Overview of Plan Operation. Ordinarily, each dollar of compensation you receive is subject to federal income tax. Each dollar of compensation is also reduced by contributions to Social Security (F.I.C.A.) unless your compensation exceeds the Social Security Wage Base (go to www.ssa.gov and click on questions about earnings and employment to obtain the current years maximum wage). This means that if you wish to purchase one or more of the benefits available under the Plan, you must earn enough compensation to pay *both* the cost of the benefits you elect, *and* the tax and F.I.C.A. imposed on your compensation. Thus, if your combined federal income tax and F.I.C.A. rate is 35%, you must earn \$1.54 before tax to pay for each \$1.00 of these benefits. Even if you work for a state or local government organization where certain employees are exempt from Social Security taxes, you are still subject to the Medicare tax of 1.45% of compensation

Under Section 125 of the Internal Revenue Code, an employer may adopt a cafeteria plan under which eligible employees have the opportunity to choose among taxable cash compensation and certain nontaxable fringe benefits through a salary conversion agreement. If you elect to receive cash, you will be taxed as before. If you elect a nontaxable fringe benefit, each dollar of compensation covered by your election is used to purchase or provide those benefits without reduction for federal income taxes or Social Security contributions.

1.3. Summary Plan Description. This document is a summary of the most important features of the Plan. Since this document cannot contain all of the provisions of the Plan, you may wish to obtain a copy of the Plan. *The provisions of the Plan and its amendments are controlling.* Copies of the Plan are available from your Employer, which may charge a fee for copying the Plan.

The benefits you can purchase through the Plan are separate programs which are subject to the terms of insurance policies, documents or other procedures in addition to this Plan. This Summary does not anticipate the terms of these policies. Your Employer will provide you with additional information or summary plan descriptions describing the features of the insurance policies and other Benefit Programs purchased under this Plan. You may review and make copies of these insurance policies themselves by requesting them from the Employer.

1.4. Definitions and Special Terms. The Plan is a complex legal document which incorporates many words and phrases that have specific meanings. The definitions of these words and phrases are defined in the Plan document. Some of these terms may also be briefly defined in this Summary. However, the actual definition of these terms and phrases as presented in the Plan document are controlling. If you have any questions concerning these terms and phrases, you should consult the Plan document or your Employer.

II. PLAN IDENTIFICATION INFORMATION

Name of Plan	Region 4 ESC Section 125 Cafeteria Plan
Plan Number	501
Plan Year	September 1 through August 31
Adopting Employer	Region 4 ESC 7145 W Tidwell Houston, TX 77092 (713) 462-7708
Employer Federal ID Number	74-1589572
Plan Sponsor	Region 4 ESC
Plan Administrator	Region 4 ESC
Agent for Service of Legal Process	Region 4 ESC c/o Superintendent 7145 West Tidwell Houston, TX 77092
Effective Date of Plan	Unknown
Date of last Amendment and Restatement	September 1, 2007
Summary Plan Description Revision Date	June 1, 2005
Claims Administrator	JEM Resource Partners, LP 4201 Bee Caves Road C101 Austin, TX 78746 Ph: (800) 943-9179 Fax: (888) 989-9247 JEM Website: www.jemtpa.com
Third Party Administrator	JEM Resource Partners, LP

III. ELIGIBILITY AND PARTICIPATION

3.1. Who can participate in the Plan?

To participate in the Plan, an employee must meet the following eligibility criteria:

- a) must work at least 20 hours per week; and
- b) meet the eligibility criteria to participate in one or more of the separate Benefit Programs funded through this Plan.

Those employees who actually participate in the Plan are called “Participants”. So long as you remain eligible, you may participate in the Plan until your death, termination of employment, disability, or retirement.

3.2. How do I become a Participant?

On or before the time you become eligible to participate in the Plan, the Plan Administrator will provide you with an enrollment form, on which you may agree to convert a portion of your compensation to Cafeteria Plan Dollars to purchase one or more benefits you elect under the Plan. If you do not initially elect to participate in the Plan, you will be provided a new enrollment form during the Open Enrollment Period which precedes the next Plan Year. In future enrollments, you will be given the opportunity to confirm or change your choices made for the previous Plan Year for the upcoming Plan Year.

3.3. When are the Open Enrollment Periods for entering the Plan?

If you are a new employee, you may initially enroll in the Plan on the first of month following the date when you have met the eligibility requirements described in 3.1. above. Thereafter, the Open Enrollment Period will begin on August 1 through August 31. Your Employer may change the Open Enrollment Period from year to year; however, you will be notified each year of the dates.

If you elect to waive participation in the Plan either at your date of hire or at any subsequent enrollment period(s), you forfeit your right to participate in the Plan until the *next* Enrollment Date unless the employee qualifies for a Change in Status described in Answer 6.6 of this Summary Plan Description.

3.4. What are the Enrollment Dates of the Plan?

The Enrollment Date is September 1st.

Newly hired employees who meet the eligibility requirements of 3.1. above, may enroll in the plan on the following dates:

- | | |
|---|----------------------------------|
| ▪ Premium Benefit Programs | 1st of the month after hire date |
| ▪ Flexible Spending Arrangements | 1st of the month after hire date |

3.5. Can I stay in the plan if I am absent on a family medical leave?

If you are absent from work on a leave of absence covered by the Family and Medical Leave Act (FMLA) for periods totaling 12 weeks during the Plan Year, you are entitled to maintain the coverage you have under the Plan during your absence. Of course, you must pay the premiums for the coverage during your absence using one of the following methods:

- *Pre-payment.* Under the pre-payment option, you may (at your option) increase your salary reduction in an amount sufficient to cover the premiums that will come due during the FMLA leave.
- *Post-payment.* Under the post-payment option, you may have your Employer continue payments for you while you are on FMLA leave, and increase your salary reduction upon your return to work in an amount sufficient to cover the premiums that occurred during your FMLA leave.
- *Pay-as-you-go.* With the pay-as-you-go option, you continue to pay premiums on a regular basis throughout the FMLA leave. If you continue to receive your salary while you are gone, the premiums will be paid with pretax money as if you had not taken the leave. On the other hand, if

your FMLA leave is unpaid and you choose this option, you will have to reimburse the Employer at regular intervals from your after-tax funds for the premiums that come due during the leave.

3.6. What if I am absent from work for duty in the uniformed services?

Your right to continued participation in the Plan during leaves of absence for active military duty is protected by the Uniformed Services Employment and Reemployment Rights Act (USERRA). Accordingly, if you are absent from work due to a period of active duty in the military for less than 31 days, your plan participation will be not interrupted. If the absence is for more than 31 days and not more than 12 weeks, you may continue to maintain your coverage under the plan by paying premiums under any of the two premium payment options described in 3.5 above.

If you do not elect to continue to participate in the Plan during an absence for military duty that is more than 31 days, or if you revoke a prior election to continue to participate for up to 12 weeks after your military leave began, you and your covered family members will have the opportunity to elect Continuation Coverage under the Employer's group major medical insurance plan only for the 24-month period that begins on the first day of your leave of absence. You must pay the premiums for Continuation Coverage with after-tax funds, subject to the rules that are set out under that plan.

3.7. What if I terminate my employment during the Plan Year?

If your employment with the Employer is terminated during the Plan Year, your active participation in the Plan will cease, and you will not be able to make any more contributions to the Plan. You will have until the 90th day after your termination date in which to submit a claim for eligible expenses incurred by you during the time you were covered under the Plan during the current Plan Year. Reimbursements for pre-termination expenses will be limited to the balance of the annual benefit you elected, reduced by any reimbursements you have already received during the Plan Year.

3.8. What is "Continuation Coverage" and how does it work?

"Continuation Coverage" means your right, or your spouse and dependents' right, to continue to be covered under any of the medical insurance benefit plans described in Part IV, if participation by you (including your spouse and dependents) otherwise would end due to the occurrence of a "Qualifying Event." A Qualifying Event is—

- termination of your employment (other than by reason of gross misconduct), or reduction of your work hours below the minimum number of hours required for participation in the Plan (see section 3.1);
- your death;
- divorce or legal separation from your spouse;
- your becoming eligible to receive Medicare benefits; or
- when a dependent of yours ceases to be a dependent.

It will be your obligation to inform the Plan Administrator of the occurrence of any Qualifying Event within 60 days of the occurrence, other than a change in your employment status. The Plan Administrator, in turn, has a legal obligation to provide you, and your spouse, as the case may be, with separate, written options to continue the coverage provided through this Plan at stated premium costs with respect to each health plan in which you are a participant and for which you are qualified to enroll for Continuation Coverage. The notification you will receive will explain all the terms and conditions of Continuation Coverage.

PART II. BENEFITS

The Employer maintains various health and welfare benefit programs. The purpose of the Plan is to allow you to select a combination of certain of these qualified benefits that best suits your needs. The three main groups of benefits provided through this Plan are 1) health and group term-life premium benefit programs; 2) flexible spending arrangements for unreimbursed medical expenses and work-related dependent care; and 3) taxable cash payments in the form of regular salary. The sections in Part II of this Summary describe the benefits which are available through this Plan in detail.

IV. INSURED PREMIUM BENEFITS

4.1. You will be able to chose to participate in one or more of the following insurance programs by indicating your choice or choices on the benefit enrollment form, and by agreeing to finance your share of the cost by salary conversion (called "Cafeteria Plan Dollars"). The following Premium Benefit Programs are available under various insurance policies maintained by your Employer:

a) Group Health Insurance, including the following:

- Major Medical PPO/HMO Plans
- Dental Plan
- Cancer Insurance
- Vision Insurance

b) Group Term Life Insurance

The specific benefits available under each of these insurance programs will be determined by the insurance policies themselves. These insurance programs or the carriers providing the insurance may vary from year to year. For the details regarding eligibility provisions, benefit amounts, and premium schedules, please refer to the plan summary of each, separate insurance plan that will be provided to you by the Plan Administrator. The Plan Administrator will advise you of the specific terms of the coverage available prior to the time that you must elect whether to apply your Cafeteria Plan Dollars to provide such insurance.

V. CASH BENEFITS

Under Internal Revenue Code regulations, a cafeteria plan will not be qualified unless your Employer offers you the choice of cash, a taxable benefit, and nontaxable benefits such as those provided in the previous sections. When you complete a Salary Conversion Election form, you are choosing between cash and those benefits you elect by converting a portion of your pay to Cafeteria Plan Dollars to purchase one or more nontaxable benefits. Any part of the maximum Annual Benefit Limit defined in Section 8.5. that you do not choose to apply toward the purchase of the nontaxable benefits described below will be deemed as being elected by you to be received as regular, taxable salary.

Questions & Answers

5.1. Can I choose all cash compensation and no fringe benefits?

Yes, under the Salary Conversion Election form, you are offered the opportunity to waive your right to any of the nontaxable benefits. In that case, you will receive that portion of the Annual Benefit Limit provided to you in your wages as taxable income.

5.2. Do I have to choose any cash? May I elect to receive the total benefit limit in fringe benefits?

No, you do not have to choose any amount of the maximum Annual Benefit Limit as cash. You may apply the maximum Annual Benefit Limit towards the purchase of all nontaxable fringe benefits.

VI. CONTRIBUTION AND ELECTION LIMITATIONS

6.1. What are “Cafeteria Plan Dollars”?

For each Plan Year, you may elect to convert a portion of your Compensation, called salary conversion, to purchase various benefits covered by the Plan. Your salary conversion contribution is called your “Cafeteria Plan Dollars.” Only Cafeteria Plan Dollars may be used to purchase benefits available under the Plan.

6.2. Is my overtime pay subject to salary conversion?

Under the Plan, any Compensation you receive for overtime, vacation or other paid leave time, bonuses, commissions, as well as your regular salary or wages is subject to conversion to Cafeteria Plan Dollars as necessary in order to meet the monthly premium amounts due for the benefits you elected.

6.3. What if I am a retiring teacher or terminating employment, is my contract pay subject to salary conversion?

If you are a contracted employee retiring or otherwise terminating employment at the end of your contract period, for example, August 1- July 31, and you elect to receive a lump sum payment (assuming your Employer allows this election) through the end of your contract on your last day of work (for example, pay due for May 1-July 31 paid on last day of work, May 31) this payment would be considered part of your regular salary, even though it is paid in a lump sum prior to the end of your contract. Any amounts due for the remainder of the contract period could be converted to pay for that period’s monthly premiums, assuming you want to continue coverage under the Plan, *AND you don’t effectively terminate your employment until the last day of your contract.* If you effectively terminate your employment on May 31, then you cease to be a participant in the Plan on June 1, and your benefit premiums could not be paid with your Cafeteria Plan Dollars through August 31, even if paid in a lump sum on the last day of work.

6.4. Is a bona-fide severance package subject to salary conversion?

No, a bona-fide severance package would not be considered part of your regular pay, but rather a separate unemployment welfare benefit plan provided by the Employer. Once you terminate employment, you are no longer eligible to be a participant in the Plan; therefore any severance paid to you, that is, any pay made to you under the Employer’s unemployment welfare benefit plan, may not take advantage of the pretax salary conversion feature of the Plan. However, if your Employer allows it, you may want to make arrangements with the Plan Administrator to make Continuation Coverage payments from your severance pay.

6.5. What is the maximum Annual Benefit Limit?

The maximum Annual Benefit Limit is the maximum amount of Employer contributions available to any participant in the Plan which may be converted to Cafeteria Plan Dollars and must equal the total amount of the annual premiums anticipated for all benefits in the Plan.

The maximum amount of Cafeteria Plan Dollars which may be allocated to Insurance Premium Benefits is the cost of the premium rates from year to year of the most expensive benefits available to you in each Premium Benefit Program Option under the Plan. If the amount of the premium for insurance increases or decreases during the Plan Year, your Salary Conversion Election may be adjusted accordingly.

6.6. Can I change my elections during the Plan Year?

Once you elect to apply Cafeteria Plan Dollars to the purchase of benefits under the Plan, generally you cannot change your election whether or not to participate in the Plan, or vary the benefits you have selected, during the Plan Year. Except as noted below, you may revoke or modify an election only during the annual Open Enrollment Period which precedes each Plan Year.

There are important exceptions to this general rule:

If you elected health insurance coverage or group-term life insurance benefits, you will be able to revoke this previous election and make a new election if:

- (only with regard to your health insurance election) you, your spouse, or one of your covered dependents becomes covered by the employer's group health plan as a special enrollee under Code Sec. 9801(f). (The Administrator of the group health insurance plan will furnish you with information as to the special enrollment rights that employees and their dependents have with regard to entry into the health insurance plan at nonstandard enrollment times.)
- your legal marital status changes through marriage, death of your spouse, divorce, legal separation, or annulment;
- the number of dependents you have for federal income tax purposes changes due to birth, adoption, placement for adoption, or death;
- you, your spouse, or any other dependent, begins or ends employment;
- you, your spouse, or a dependent experiences a reduction or increase in hours of employment, including a switch between part-time and full-time, a strike or lockout, or beginning or end of an unpaid leave of absence;
- a dependent of yours satisfies or no longer satisfies the requirements for health insurance coverage due to attainment of age, student status, or any similar circumstance as provided in the accident or health plan under which you are covered as an employee; and
- you, your spouse, or any of your dependents changes the place of residence or work.

You may revoke your health insurance election under this plan and make a new election for the rest of the Plan Year only if any of the Change in Status rules listed above results in the gain or loss of health insurance coverage by you, your spouse, or any of your dependents, and the new election reflects that gain or loss.

Likewise, a previous election of group-term life insurance coverage paid for through this Plan may be revoked and replaced with another election regarding this coverage only if: (1) in the case of marriage, birth, adoption, or placement for adoption, you elect to *increase* (but not reduce) the amount of your life insurance coverage (subject to the Plan limitations); and (2) in the case of divorce, legal separation, annulment, or death of a spouse or dependent, you elect to *reduce* (but not increase) the amount of your life insurance coverage.

You may change or revoke your previous election on benefits *other than* health insurance coverage or group-term life insurance coverage at any time during the Plan Year and make a new election if there is one or more of the following Change in Status rules--

- your marriage or divorce;
- birth or adoption of your child;
- death of your spouse or child;
- a significant change in the medical benefits or premiums available either to you, through your employment with the Employer, or to your spouse, through his employer. If you otherwise are entitled to revoke an election or make an alternate election by reason of an increase in health insurance costs, you must do so within 30 days of receipt of written notice from the Plan Administrator of the significant change in cost or composition of the benefit originally elected; or
- termination of your employment, your spouse's employment, or change of either your or your spouse's employment status from full-time to part-time, or vice versa, or if either of you take an unpaid leave of absence from work.

If one of these qualifying Change in Status rules occurs, you must inform the Plan Administrator of your new election **within 30 days of the occurrence**. Failure to do so within the 30-day period will result in the changes in your election being applicable only to months during which, or after, you have notified the Plan Administrator.

6.7. Can I drop my election if I take a family or medical leave?

You may revoke any election you made for the period during which you are absent from work for a family medical leave covered by the federal Family and Medical Leave Act (FMLA). You may reinstate your election of group medical benefits when you return from the FMLA leave. However, you may not reinstate a revoked election as to any nonhealth insurance benefits until the next regular Enrollment Period.

6.8. What if the insurance company changes the premium in the middle of the year and I can no longer afford the health insurance?

If there is a significant change in cost of an elected benefit, you may change or drop your election if you could no longer afford the premium increase. Similarly, if you had not elected a health benefit because of the cost, and the premium dropped significantly enough for you to afford it, or your employment status changed from part-time to full-time, you may elect to begin participation in a program you were not previously signed up for before the next Enrollment Period.

6.9. What if my employer changes the benefit packages in the middle of the year, can I change to a better plan?

If a significant change in coverage occurs which improves a benefit package option, you will be permitted to revoke your current election and enroll under the new or improved benefit package option. However, if there is a significant change in coverage of an elected benefit which decreases the amount of coverage you had, you may only drop your current coverage if you elect coverage under another similar benefit package option.

6.10. What if I need to use Continuation Coverage under COBRA, may I change my election?

If you, your, spouse, or any dependent becomes eligible for COBRA Continuation Coverage under the Employer's Group Health Coverage as provided in Code Sec. 4980B¹ or any similar state or federal law (such as PHSA), you may elect to increase payments under this Plan under the change in cost rules noted above (6.8) in order to pay for Continuation Coverage. However, you will not be allowed to make any *election* changes until the next Enrollment Period, unless the changes are for reasons covered under Change in Status, cost or coverage rules above.

¹ Group Health Coverage shall be defined in accordance with the COBRA regulations amended February 3, 1999 for Plan Years beginning on or after January 1, 2000, and may or may not include health Flexible Spending Arrangements based on the facts and circumstances of the Qualified Beneficiary.

PART III. ADMINISTRATION OF THE PLAN

VII. ADMINISTRATION OF ACCOUNTS

The Plan is administered by the Employer, which is the Plan Administrator and the fiduciary of the Plan for these purposes.

7.1. What are my “Cafeteria Plan Accounts”?

If you elect benefits under the Plan, one or more Cafeteria Plan Accounts (“Accounts”) will be set up in your name to keep a record of each benefit you are entitled to. How many accounts are established depends on which benefits you elect. For example, if you choose to participate in the Medical Expense Reimbursement Plan, the Dependent Care Assistance Plan, and in one or more of the Insurance Plans, three accounts will be maintained in your name.

7.2. How are my Accounts funded?

When you complete the enrollment form, you specify which benefits you wish to pay for through salary conversion. Thereafter, your accounts will be credited with that portion of your gross income you elect to forego through salary conversion. These portions will be credited as of each pay period. For example, suppose you elect the following:

Benefit Elected	Annual Cost
Group Medical Insurance	\$ 750.00
Medical Expense Reimbursement Plan	1,000.00
Dependent Care Assistance Plan	<u>2,000.00</u>
Total Annual Cost	\$3,750.00

Assuming you are paid semi-monthly, the cost of the above benefits per paycheck would be \$156.25. Your Accounts would be credited with a tax-free total of \$3,750.00, spread equally over 24 paychecks, or \$312.50 per month. Thus, each pay period, your accounts would be credited as follows:

Dependent Group Medical Insurance	\$31.25
Medical Expense Reimbursement Plan	41.67
Dependent Care Assistance Plan	<u>83.33</u>
Total Credited per Pay Period	\$156.25

The amount that is available in any one of your Accounts at any particular time will depend on the benefits you elect. Premium benefit accounts are current in nature, and the Employer will pay out amounts you have set aside for insurance benefits as they become due to the insurance company or companies.

7.3. Will my Accounts earn any interest?

No interest or other earnings will be credited to your Accounts at any time.

7.4. Will I have to pay any Plan administration fees?

No.

7.5. May I withdraw cash from any of my Accounts?

No. Your Account balances may be used only to provide premium payment or expense reimbursement benefits, as the case may be.

7.6. May I shift amounts from one Account to another?

No, you may *not* transfer credits from one Account to another. Thus, for example, credits to your Medical Expense Reimbursement Account may only be used for that type of expense; no amount would be available for any other purpose.

VIII. CLAIMS ADMINISTRATION

8.1. How do I receive my benefits under the Plan?

Generally, you will file a claim with the insurance company or third party hired by the Employer to handle your claims (“Claims Administrator”) on claims forms that are provided for this purpose.

Premium Option Plans. If Benefits under the Plan are provided through insurance, your claims will be processed under the procedures and filing deadlines provided under the insurance policies involved. To appeal the denial of a claim under these Benefit policies, refer to the summary booklets pertaining to each Benefit Program.

Insurance premium benefits will automatically be deducted each month from your appropriate Accounts (provided there are sufficient amounts credited to those Accounts to pay the required premiums—and there always should be, since your salary conversion must equal the required premiums for optional benefits, less the available Employer-provided funds). The deducted amounts will be sent directly to the insurance company for you.

In the event the insurance carrier increases the premiums of your benefit in the middle of the Plan Year, the Employer reserves the right to increase your payroll deduction for that benefit accordingly. You will be notified as soon as possible regarding the increased premium payments and you will be given an opportunity to make adjustments to your benefit choices or amounts if the cost increase is significant and the subsequent changes would be allowed by the IRS (see Answer 6.8).

8.2. When do I submit my claims?

You may submit your claims at any time by mail or by fax to the Claims Administrator to the address or fax number on the Claim Form. Generally, claims and checks are processed twice a week. In addition, you will have 90 days after the end of the Plan Year in which to submit a claim for reimbursement for eligible expenses incurred during the previous Plan Year. You will be notified in writing if any claim for benefits is denied.

10.5. Are my benefits taxable?

Since the Plan is intended to meet certain requirements of the federal tax laws, the benefits you receive under the Plan are not currently taxable to you under present law. However, neither the Employer nor the Plan Administrator can guarantee the tax treatment to any given Participant, as individual circumstances may produce differing results. In case of doubt, you should consult your own tax adviser.

10.6. What happens if my claim for benefits is denied?

You will be notified in writing by the Claims Administrator within 60 days of the date you submitted your claim if the claim is denied. Such notification will set out the reasons your claim was denied, and further advise you of what steps, if any, you might take to validate the claim. The notification will further advise you of your right to request an administrative review of the denial of the claim; you may request a review any time within the 60-day period after you have received notice that the claim was denied. You or your authorized representative will have the opportunity to review any important documents held by the Administrator, and to submit comments and other supporting information. In most cases, a decision will be reached within 60 days of the date of your request for a review.

IX. PLAN AMENDMENT AND TERMINATION

9.1. How long will the Plan remain in effect?

The Employer intends that the Plan will be a permanent program to benefit Employees. However, the Employer reserves the right to amend or terminate the Plan at any time. It is also possible that future changes in state or federal tax laws may require that the Plan be amended accordingly. Any such amendment or termination may be complete or partial and may be made retroactive to the extent allowed by law, but neither action will deprive you of any benefits to which you have previously become entitled. If the Plan is terminated, credits to your Accounts will be used to provide benefits through the end of the Plan Year in which termination occurs.

9.2 What is a Summary of Material Modifications?

Periodically, you may receive a copy of a Summary of Material Modifications (SMM). Like this Summary Plan Description, a Summary of Material Modifications summarizes the effect of any amendments made to the Plan. You should keep any SMMs you receive as "amendments" to this Summary Plan Description.

X. QUALIFICATION OF PLAN AND RELATED MATTERS

The Plan is intended to be a "cafeteria plan" under Section 125 of the Internal Revenue Code and the description of the Plan in this summary is based on the assumption that the Plan does so qualify. However, neither the Employer, the Plan Administrator, nor any other agent of the Employer or the Plan represents or guarantees that the Plan will be so qualified at any time, nor is the Employer obligated to amend any aspect of the Plan which results in failure to meet the requirements of the Internal Revenue Code. The failure of the Plan to qualify under the Code could result in significant and adverse tax consequences to Participants in the Plan. For each Plan Year, you may elect to convert a portion of your Compensation to "Cafeteria Plan Dollars." Your taxable Compensation will be reduced to the extent of your election. Only Cafeteria Plan Dollars may be used to purchase Benefits available under the Plan.

The Plan Administrator will provide an enrollment and election form to each Employee who is eligible to participate in the Plan. Your election will not be effective unless your form is returned to the Plan Administrator prior to the close of the Open Enrollment Period which precedes your elections beginning under the Plan. Your election will continue until you change or discontinue it or become ineligible to participate in the Plan.