Non-Employer-Sponsored Premium Account Plan (NESP)

All terms and conditions stated in the Plan Document are applicable to this Non-Employer-Sponsored Premium Account Plan (NESP) unless specifically changed by this Appendix A.

All capitalized terms in this Appendix A are defined exactly as in the Plan Document, Article III, Definitions.

This Plan is intended to comply with Section 125 of the Internal Revenue Code. NESP is an tax advantaged plan established with the intent of providing tax free reimbursement for the premium paid by an Employee for an individual insurance, providing health and accident benefits as defined under Sections 105 and 106 of the Code. The individual insurance plan is owned by the Employee. This can include a plan provided through Employee owned insurance policy(ies) issued by an insurance company, or a contract(s) with a health maintenance organization or point of service organization. Coverage offered through the Marketplace, (a state or federal plan under the Affordable Care Act), does not qualify. The following individual plans can be covered under the NESP Plan.

- Health insurance or HMO coverage for health expenses
- Dental insurance
- Eye care insurance
- Medicare premium
- Medigap or Medicare Supplemental premium
- Tricare premium
- Accidental death and dismemberment insurance
- Long-term or short-term disability insurance

NESP is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). The individual plans purchased by the Employees are not Employer-Sponsored Welfare Plans as defined by ERISA, and as such are not subject to ERISA.

Maximum Contribution. The maximum contribution can be found in the Enrollment Communication provided by the Employer at the time of enrollment.

Maximum Benefit. A Participant will never receive benefits that exceed the salary reduction amount actually withheld on the date the claim is submitted. If a Participant fails to use his/her entire election at the end of the Plan Year or at time of other termination of the Plan, the unused election cannot be cashed out and becomes the property of the Employer.

Claims Requirement. The Employee will submit proof that he/she paid the premium in order to obtain reimbursement from this Plan. Premium paid for a period of time that is prior to or following the Plan Year in which the claim is submitted is not reimbursable. Amounts that are withheld from the Employee's salary that are not used to reimburse premiums will be forfeited and become the property of the Employer.

Change in Enrollment. No Participant in the Plan will be allowed to alter or discontinue the Participant's elections during a Plan Year except when due to and consistent with a Change in Status Event. Change in Status Event enrollment requests must be made in writing within 30 days of the Change in Status Event and be consistent with the actual Change in Status, as defined by the IRS.

Upon the occurrence of a Change in Status Event, timely request and approval by the Employer, the election change will be effective prospectively.

Increases or Decreases in Premiums. If the premiums or required contribution for any individual Qualified Benefits Plan purchased by the Employee change during the Plan Year, whether increase or decrease, a Participant's contributions can be increased or decreased in an amount sufficient to pay for such increase or decrease. The Change in Status Event enrollment requests must be made within 30 days of the change in the required premium or contribution. The election change will be effective prospectively.

Forfeiture (Use-it-or-lose-it Rule). A Participant forfeits any amount of his/her annual election that exceeds the amount of claims reimbursed during any Plan Year. A Participant who terminates coverage during the Plan Year has a run out period in which to submit eligible claims. A Participant who is covered through the end of the Plan Year will have a run out period in which to submit eligible claims. The duration of these run out periods will be provided in the Summary Plan Description provided by the Employer.

Upon such forfeiture, the Participant's accrual will be reduced to zero. Forfeited funds can be retained by the Employer, or at the discretion of the Employer, forfeitures of benefits under the Plan can be reallocated to Participants in any reasonable manner that has no relation to prior claims history. Forfeitures of benefits may also be applied towards the cost of administering the Plan. Forfeitures of benefits will become the sole property of the Employer.

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