



PROPOSAL TO ADMINISTER

AMERIFLEX[®]

PREMIUM ONLY PLANS

www.flex125.com

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EFFECTIVE DATE: July 1st, 2017

**An AmeriFlex[®]
Tool for Making
Benefits More
Affordable**

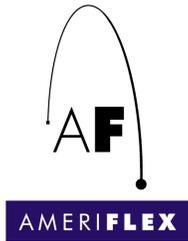
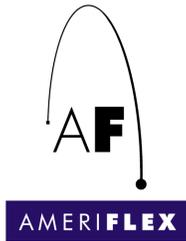


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Company Profile

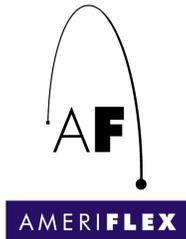
Established in 1998, AmeriFlex is an independent benefits administrator providing technology-based, consumer-driven benefits and compliance solutions to clients throughout the United States. AmeriFlex serves more than 18,000 clients representing more than 3.5 million participants nationwide.

In 1999 AmeriFlex pioneered the FSA debit card. As a result, AmeriFlex gained immediate and substantial market share, and used this momentum to further enhance our technological capabilities, including the development of a consolidated platform combining FSA, HRA, HSA, and CRA onto one debit card: the AmeriFlex Convenience Card[®]. This singular approach provides greater convenience and ease of use for both employer and employee. The employer is rewarded with the savings derived from per participant rather than per account pricing as well as real-time balances and user-friendly reporting. The employee avoids the confusion and frustration associated with the use of multiple debit cards. Many TPAs who were late adopters of debit card technology continue to face obstacles related to dual processing platforms and data interface challenges. Eleven years of refining the AmeriFlex Convenience Card[®] system has allowed us to refine our offering and take full advantage of the potential inherent in this technology.

Our commitment to innovative technology has allowed AmeriFlex to deliver a wealth of consumer-driven benefit options, including Mongoose[®], our robust, web-based COBRA administration system. These turnkey solutions provide our clients with the ability to remain strategically competitive in the ever-changing landscape of employee benefits, consumer-driven healthcare, and compliance. Our in-house ERISA compliance team ensures we are aligned with statutes and regulatory amendments as well as the continuously developing case law.

The power and simplicity of the complete AmeriFlex suite of services with particular emphasis on a single debit card platform and state-of-the-art web-based COBRA administration have positioned AmeriFlex as an industry leader.

Consecutive years of growth, experience and dominant service credentials have convinced the readers of *Benefits Selling* magazine to put us in the winner's circle once again. For six consecutive years, AmeriFlex has been chosen as *Benefits Selling* magazines "Readers Choice" for the TPA delivering the most comprehensive service.



WHAT ARE PREMIUM ONLY PLANS OR “POP”?

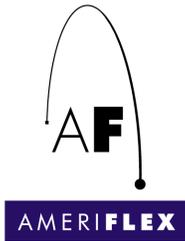
A *Premium Only Plan (POP)*, also known as Premium Conversion and Cafeteria Plan, allows employee contributions to employer-sponsored benefit plans to be made with pre-tax dollars, automatically increasing take-home pay while reducing the employer's payroll tax liability. POPs are an effective way for a small business to customize employee benefits for maximum tax savings and appeal. These plans are designed to benefit all eligible employees and not just the owners or highly compensated employees. These plans are generally not suitable to one person businesses, and have limited appeal for businesses without salaried employees.

Once you have a Premium Only Plan (POP) document in place, there is no real administration involved since the process is handled via payroll.

Qualified premiums include:

- Health
- Prescription
- Dental
- Vision
- Employee Group Term Life (up to \$50,000)
- Voluntary Benefits
 - Accident
 - Disability
 - Cancer
 - Supplemental Medical or “Gap” programs

Employees can save roughly 20 - 40% of their insurance premiums by pre-taxing Federal, FICA, and, in most cases, state taxes. Employers save the matching Social Security and Medicare taxes, and sometimes Federal and State unemployment taxes. Depending on the state, employers may also be eligible for worker's compensation savings.



EMPLOYER ADVANTAGES

Employee benefits purchased on a pre-tax basis reduce the employer wage base for purposes of calculating payroll taxes. Employers can realize direct bottom-line savings from the reduced employer F.I.C.A. taxes, F.U.T.A. taxes, and disability and workers' compensation insurance premiums (varies state by state).

Savings Illustration for Premium Only Plan based on Health Insurance and Voluntary Benefit premiums:

Eligible Employees: 12

Health Insurance Premiums:

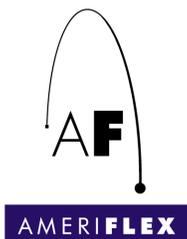
8 Health participants	x	\$900 per participant	\$	7,560		
FICA saved		7.65%*	x	\$	7,560	\$ 578

Voluntary Benefit Premiums:

4 Voluntary participants	x	\$540 per participant	\$	2,268		
FICA saved		7.65%*	x	\$	2,268	\$ 174

Estimated Annual Employer F.I.C.A. Savings				\$	752
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*Assumes each plan participant's annual compensation is below the maximum social security wage base of \$106,800 for 2010 (6.20% to \$106,800 and 1.45% on total compensation).



EMPLOYEE ADVANTAGES

When employees purchase benefits on a pre-tax basis, their compensation is reduced for purposes of calculating wages subject to Federal and F.I.C.A. (Social Security & Medicare) taxes. Based on 2015 tax rates, potential savings range from 17.65% to 35.65% depending on an employee's individual tax bracket, and, in most states, employees can also save on their state income tax.

A Premium Only Plan allows employees to pre-tax their contribution toward certain types of insurance including their employer provided health coverage, group benefits such as dental and group term life, and employee voluntary benefits such as accident, supplemental health, disability, and cancer coverage.

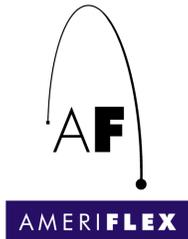
Following is an example of how an average employee can increase their monthly take home pay by \$51 through a Premium Only Plan:

	<i>Without a POP Plan</i>	<i>With a POP Plan</i>
Monthly Compensation	\$2,000	\$2,000
Pre-tax Contributions	<u>N/A</u>	<u>-200</u>
Taxable Salary	\$2,000	\$1,800
Federal Income Tax (15%)	-300	-270
State Income Tax (@3%)*	-60	-54
Social Security Tax (7.65%)**	<u>-153</u>	<u>-138</u>
Salary after Taxes	\$1,487	\$1,338
<i>After-Tax Expenses</i>	<u>-200</u>	<u>N/A</u>
<i>Net Take Home Pay</i>	<i>\$1,287</i>	<i>\$1,338</i>

Net Individual Savings is \$51/month (\$1,338 vs. \$1,287) or \$612/year.

*State tax savings are estimated. Most state and local governments treat cafeteria plan elections favorably for purposes of state and local income taxes.

**Employees save 6.2% on pre-tax payroll deductions if they make less than the maximum Social Security wage base (\$106800 for 2010; indexed annually) plus 1.45% on all pre-tax deductions under the plan.



PLAN IMPLEMENTATION AND COMPLIANCE

Your POP plan is easy to implement and maintain since most of the work is done for you! Once your application is processed, you will receive a customized, signature-ready Plan Document, Summary Plan Description and Adoption Resolution along with instructions on completing the documents and implementing your plan.

Next, you collect employee elections and notify your payroll vendor or adjust your own payroll system to allow eligible contributions to be pre-taxed. Then simply start saving money!

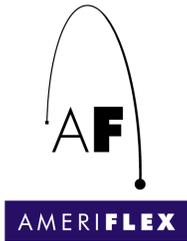
Compliance Responsibilities:

Form 5500 - If your plan has over 100 participants on the first day of the plan year, IRS regulations may require the annual preparation of Forms 5500 to be submitted no later than the last day of the 7th month following the end of the plan year. The IRS and DOL charge substantial penalties for each day these forms are late, so it is important to be timely with submission.

Non-Discrimination Testing - IRS regulations require non-discrimination testing in order for your Premium Only Plan to be in compliance. Testing includes: the 25% Concentration test, 100% and 75% Health Insurance test and Benefit Ratio Health Insurance test.

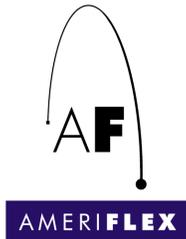
Continuing Support:

As a feature of your POP, AmeriFlex provides you with timely updates and modifications to ensure your continued compliance with changing IRS regulations. You can also access your POP online to request an emailed copy or make changes to your plan in the future. You will also find valuable information and answers to any questions you may have concerning your POP. In addition, guidance regarding the most current legislation, non-discrimination testing support and unlimited, free consultation is available by contacting AmeriFlex's Compliance Department.



PREMIUM ONLY PLAN ADMINISTRATIVE FEES

Account Setup includes Plan Document, Summary Plan Description and Adoption Resolution	
Online Document Ordering	\$250.00
Manual Document Ordering (paper application)	\$575.00
Annual Maintenance/Compliance	\$225.00
Renewal reminder emailed 60 days prior to new plan year with online renewal link	Included
Plan Document updates/modifications when required by IRS	Included
Revised or duplicate documents emailed within 24 hours	Included
Customer Service support via toll free phone or email	Included
Employee POP Quick Reference Guide available via PDF	Included



OTHER PRIORITY SERVICES PROVIDED BY AMERIFLEX

The AmeriFlex Convenience Card®

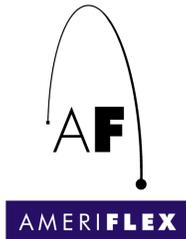


In 1999, AmeriFlex introduced the **AmeriFlex Convenience Card®** MasterCard®, creating a clear win-win circumstance for both employer and employee by providing an easier, more convenient method for employees to utilize their Flexible Spending Accounts. This debit card allows for the automatic electronic transfer of pre-tax dollars from an employee account when paying

for qualified expenses. Employees are able to receive immediate reimbursement of their medical and dependent care expenses simply by using their card at the point of service. The normal paper claims process is eliminated, as are worries about forgotten purchases or lost receipts.

Technological innovation has been a hallmark of AmeriFlex since its inception: In 1999, AmeriFlex pioneered the debit card technology that started a voluntary benefits revolution. With the emergence of Consumer-Driven Benefits, AmeriFlex has recognized the need to deliver a technology-based solution that enhances the common debit card platform. Our unmatched industry experience and knowledge-based administrative expertise once again enabled us to pioneer the development of a consolidated FSA/HRA/HSA/CRA platform with *single-participant pricing*.

Emerging consumer-driven benefit strategies that seek to utilize multiple accounts (HRA/FSA/HSA/CRA) have made the **AmeriFlex Convenience Card®** an even more compelling innovation. We employ technology that provides the flexibility to handle a multitude of variations in plan structure, which is a prerequisite to achieving seamless compatibility with the electronic payment systems that are critical to these types of plans.



Healthcare Reimbursement Accounts (HRAs)

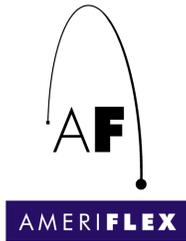
Health insurance premiums are rising due to the ever-increasing cost of care. Employers and employees must cope with higher co-payments, higher deductibles, and increased provider restrictions. Many employers are now exploring alternatives to standard medical care that combine high-deductible health plans (HDHP) with a Healthcare Reimbursement Account to ease this burden. HRAs are employer-funded accounts that can be designed to help offset the increase in employees' out-of-pocket expenses due to the implementation of the HDHP. HRA administrative costs and HRA contributions can be deducted from taxes without increasing FICA or FUTA taxes or disability or workers' compensation insurance premiums. The "hat-trick" created by combining the savings from LOW-COST, high-deductible health plans with the associated tax savings and even the ability to deduct HRA costs, makes HRAs a valuable option worth considering for your employee benefits package.



Health Savings Accounts (HSAs)

Maybe you're a small business owner and you need a good insurance plan to attract top-notch employees. Maybe you run a multi-million-dollar company and are looking to provide better insurance for your team - and cut costs. If you're offering a High Deductible Health Plan to your employees, a HSA just might be the perfect solution for you. A HSA makes health coverage more like insurance - what health care coverage should be. After all, you buy car insurance to protect yourself in the event of a catastrophe. You don't "insure" routine maintenance and minor repairs like a flat tire or a new turn-signal bulb.

HSAs can be funded by either an employee or an employer. The savings roll over into subsequent years, earning interest. This low-cost, tax-free alternative to traditional insurance is the biggest change to health policy in decades. Seize the HSA opportunity. Because taking control of how you or your company spend health care dollars is just smart business.



Mongoose® COBRA/HIPAA Administration

The IRS claims that over 90% of all employers are out of compliance with COBRA regulations. Penalties are substantial and the active enforcement of regulations has been increased in recent years. **Mongoose®** allows you to stay focused on business, confident that issues relating to COBRA/HIPAA administration and compliance are being managed in accordance with the ever-changing Federal regulatory environment. Utilizing **Mongoose®** shifts your risks to AmeriFlex.

Outsourcing COBRA/HIPAA administration relieves the employer of burdensome tracking, notification, and billing processes. AmeriFlex's **Mongoose®** system delivers a fast, highly automated, easy-to-use, cost-effective method for administration and compliance of your COBRA/HIPAA obligations.

The terms of this proposal expire 90 days from the date the proposal is generated.