

**NORTH COLONIE CENTRAL SCHOOL DISTRICT**

**CAFETERIA PLAN**

**SUMMARY PLAN DESCRIPTION**

## TABLE OF CONTENTS

<b>I.</b>	<b>ELIGIBILITY</b>	
	1. When can I become a participant in the plan?	1
	2. What are the eligibility requirements for our plan?	2
	3. When is my entry date?	2
	4. What must I do to enroll?	2
<b>II.</b>	<b>OPERATION</b>	
	1. How does the plan operate?	2
<b>III.</b>	<b>CONTRIBUTIONS</b>	
	1. How much of my pay may the Employer redirect?	2
	2. How is my compensation measured under our plan?	3
	3. What happens to contributions made to the plan?	3
	4. When must I decide which accounts I want to use?	3
	5. When is the “Election Period” for our plan?	3
	6. May I change my elections during the plan year?	3
	7. May I make new elections in future plan years?	4
<b>IV.</b>	<b>BENEFITS</b>	
	1. What benefits are available?	4
<b>V.</b>	<b>BENEFIT PAYMENTS</b>	
	1. When will I receive payments from my accounts?	6
	2. What happens if I don’t spend all my contributions?	7
	3. What happens if I terminate employment?	7
	4. Will my Social Security benefits be affected?	8
<b>VI.</b>	<b>HIGHLY COMPENSATED AND KEY EMPLOYEES</b>	
	1. Do limitations apply to Highly Compensated employees?	9
<b>VII.</b>	<b>PLAN ACCOUNTING</b>	
	1. Periodic Statements	9
<b>VIII.</b>	<b>GENERAL INFORMATION ABOUT OUR PLAN</b>	
	1. General Plan Information	9
	2. Employer Information	10
	3. Plan Administrator Information	10
	4. Service of Legal Process	10
	5. Type of Administration	10
<b>IX.</b>	<b>ADDITIONAL PLAN INFORMATION</b>	
	1. Claims Process	11
<b>X.</b>	<b>SUMMARY</b>	11

**NORTH COLONIE CENTRAL SCHOOL DISTRICT  
CAFETERIA PLAN**

**INTRODUCTION**

We have amended the ‘flexible benefits plan’ that we previously established for you and other eligible employees. Under this program, you will be able to choose among certain benefits that we make available. The benefits that you may choose are outlined in this Summary Plan Description. We will also tell you about other important information concerning the amended Plan, such as the rules you must satisfy before you can join and the laws that protect your rights.

One of the most important features of our Plan is that the benefits being offered are generally ones that you are already paying for, but normally with money that has first been subject to income and Social Security taxes. Under our Plan, these same expenses will be paid for with a portion of your pay before Federal income or Social Security taxes are withheld. This means that you will pay less tax and have more money to spend and save.

Read this Summary Plan Description carefully so that you understand the provisions of our amended Plan and the benefits you will receive. You should direct any questions you have to the Administrator. There is a Plan Document on file, which you may review if you desire. In the event there is a conflict between this Summary Plan Description and the Plan Document, the Plan Document will control. Also, if there is a conflict between an insurance contract and either the Plan Document or this Summary Plan Description, the insurance contract will control.

**I.  
ELIGIBILITY**

**1. When can I become a participant in the Plan?**

Before you become a member or a “participant” in the Plan, there are certain rules, which you must satisfy. First, you must meet the “eligibility requirements.” After that, the next step is to actually join the Plan on the “entry date” that we have established for all employees. You will also be required to complete certain application forms before you can enroll in the Plan.

**2. What are the eligibility requirements for our Plan?**

You will be eligible to join the Plan as of your date of employment with us. Of course, if you were already a participant before this amendment, you will remain a participant.

**3. When is my Entry Date?**

Once you have met the eligibility requirements, your entry date will be the first day of the pay period coinciding with or following the date you met the eligibility requirements.

**4. What must I do to Enroll in the Plan?**

Before you can join the Plan, you must complete an application to participate in the Plan. The application includes your personal choices for each of the benefits, which are being offered under the Plan. You must also authorize us to set some of your earnings aside in order to pay for the benefits you have elected.

**II.  
OPERATION**

**1. How does this Plan operate?**

Before the start of each Plan Year, you will be able to elect to have some of your upcoming pay contributed to the Plan. These amounts will be placed in special funds or accounts, which must be set up for you in order to pay for the benefits you have chosen. The portion of your pay that is paid to the Plan is not subject to Federal income or Social Security taxes. In other words, this allows you to use pre-tax dollars to pay for certain kinds of benefits and expenses, which you normally pay for with out-of-pocket, taxable dollars. However, if you receive a reimbursement for an expense under the Plan, you cannot claim a federal income tax credit or deduction on your return.

**III  
CONTRIBUTIONS**

**1. How much of my pay may the Employer redirect?**

Each year, you may elect to have us contribute on your behalf enough of your compensation to pay for the benefits that you elect under the Plan. These amounts will be deducted from your pay over the course of the year.

## **2. How is my compensation measured under our Plan?**

Compensation under the Plan means the total cash amount that is paid to you each year.

## **3. What happens to contributions made to the Plan?**

Before each Plan Year begins, you will select the benefits you want and how much of the contributions should go toward each benefit. It is very important that you make these choices carefully based on what you expect to spend on each covered benefit or expense during the Plan Year. Later, they will be used to pay for the expenses as they arise during the Plan Year.

## **4. When must I decide which accounts I want to use?**

You are required by Federal Law to decide before the Plan Year begins, during the 'election period.' You must decide two things. First, which benefits you want, and second, how much should go toward each benefit.

## **5. When is the 'Election Period' for our Plan?**

Your election period will start on the date you first meet the 'eligibility requirements' and end 30 days after your 'entry date.' (You should review Section I on Eligibility to better understand the terms 'eligibility requirements' and 'entry date.')

Then, for each following Plan Year, the election period will be the 60-day period prior to the beginning of each Plan Year. (See the article entitled "General Information About Our Plan" for the definition of Plan Year.)

## **6. May I change my elections during the Plan Year?**

Generally, no you may not change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change if there is a change in your family status. Currently, Federal Law considers the following events to be examples of a change in family status:

- You get married or divorced
- You have a child, or adopt one
- Your spouse and/or child(ren) die(s)
- Your spouse commences or terminates employment
- You or your spouse's employment status changes from full-time to part-time or from part-time to full-time
- You or your spouse take an unpaid leave of absence
- Your spouse has a significant change in health coverage directly attributed to your spouse's employment

There may other event, which may be considered to be a change in family status. Also, any election change must be consistent with the reason that such a change was permitted.

If you have a change in family status, you should contact the Administrator, who will provide you with the required forms for changing you're your benefit elections.

In addition, for health insurance premiums being contributed to the Plan, we will adjust the salary redirection election you have made for the remainder of the Plan Year if there is a change in the premium expense. If the increase in premium expense is significant, we will let you either change the salary redirection election, or revoke your election entirely, and in lieu thereof, elect to receive on a prospective basis, coverage under another health plan with similar coverage.

### **7. May I make new elections in future Plan Years?**

Yes, you may. For each new Plan Year, you may change the elections that you previously made. You may also choose not to participate in the Plan for the upcoming Plan Year. If you do not make new elections during the 'election period' before a new Plan Year begins, we will assume you want your elections for insured benefits *only* to remain the same, and you will not be considered a participant for un-insured benefit options under the Plan for the upcoming Plan Year.

## **IV BENEFITS**

### **1. What Benefits are available?**

Under our Plan, you can choose to receive your entire compensation in cash or use a portion to pay for the following benefits or expenses during the year:

#### **Health Care Reimbursement Plan:**

The Health Care reimbursement Plan enables you to pay for expenses which are not covered by our insured medical plan or privately held insurance policies and save taxes at the same time. The account allows you to be reimbursed by the Employer for out-of-pocket medical, dental, vision expenses incurred by you and your dependents. The expenses, which qualify, are those permitted by Section 213 of the Internal Revenue Code. A list of covered expenses is available from the Administrator. You may not, however, be reimbursed for the cost of other health care coverage maintained outside the Plan.

The most that you can contribute to your Health Care Reimbursement Plan each Plan Year is \$7,500. In order to be reimbursed for a health care expense, you must submit to the Administrator an itemized bill from the service provider. Amounts reimbursed from the Plan may not be claimed as a deduction on your personal income tax return. Reimbursement from the fund shall be paid at least once a month.

## **Dependent Care Assistance Account:**

The Dependent Care Assistance Account enables you to pay for out-of-pocket, work-related dependent care costs with pre-tax dollars. If you are married, you can use the account if both you and your spouse work or, in some situations, if your spouse goes to school full-time. Single employees can also use the account.

An eligible dependent is any member of your household for whom you can claim expenses on Federal Income Tax Form 2441 "Credit for Child and Dependent Care Expenses." Children must be under age 13. Other dependents must be physically or mentally unable to care for themselves. Dependent Care arrangements, which qualify, include:

- A Dependent (Day) Care Center provided that if care is provided by the facility for more than six individuals, the facility complies with applicable state and local laws.
- An educational Institution for pre-school children. For older children, only expenses for non-school care are eligible.
- An "Individual" who provides care inside or outside your home. The "Individual" may not be a child of yours under age 19 or anyone you claim as a dependent for Federal Tax purposes.

You should make sure that the Dependent Care expenses you are currently paying for qualify under our Plan. The law places limits on the amount of money that can be paid to you in a Plan Year from your Dependent Care Assistance account. Generally, your reimbursements may not exceed the lesser of: (a) \$5,000 if you are married filing a joint return or you are head of a household, or \$2,500 if you are married and filing separate returns; (b) your taxable compensation; (c) your spouse's actual or deemed earned income (a spouse who is a full-time student or incapable of caring for himself/herself has a monthly earned income of \$200 for one dependent or \$400 for two or more dependents. Also, in order to have the reimbursements made to you from this account be excludable from your income, you must provide a statement from the service provider including the name, address, and in most cases, the taxpayer identification number of the service provider on your tax form for the year, as well as the amount of such expense as proof that the expense has been incurred. In addition, Federal tax laws permit a tax credit for certain dependent care expenses you may be paying for even if you are not a Participant in the Plan. You may save more money if you are able to take advantage of this tax credit rather than using the Dependent Care Assistance Account under our Plan. Ask your tax adviser which is better for you.

## **Premium Expense Account:**

A Premium Expense Account allows you to use tax-free dollars to pay for certain premium expenses under various insurance programs that we offer you. These premium expenses include:

- Health care premiums under our insured group medical plan.
- Health care premiums under privately held insurance policies.
- Dental insurance premiums.

Under our Plan, we will establish sub-accounts for you for each different type of insurance coverage that is available. Also, certain limits on the amount of coverage may apply.

The Administrator may terminate or modify Plan benefits at any time, subject to the provisions of any insurance contracts providing benefits described above. We will not be liable to you if an insurance company fails to provide any of the benefits described above. Also, your insurance will end when you leave employment, are no longer eligible under the terms of any insurance policies, or when insurance terminates.

Any benefits to be provided by insurance will be provided only after (1) you have provided the Administrator the necessary information to apply for insurance, and (2) the insurance is in effect for you.

“Privately held insurance policies” do not include coverage obtained through a spouse’s employment. Cost of these policies will only be reimbursed on adequate proof of coverage.

## **V BENEFIT PAYMENTS**

### **1. When Will I Receive Payments From My Accounts?**

During the course of the Plan Year, you may submit requests for reimbursement of expenses you have incurred. Expenses are considered “incurred” when the service is performed, not necessarily when it is paid for. The Administrator will provide you with acceptable forms for submitting these requests for reimbursement. If the request qualifies as a benefit or expense that the Plan has agreed to pay, you will receive a reimbursement payment soon thereafter. Remember, these reimbursements, which are made from the Plan, are generally not subject to federal income tax or withholding. Nor are they subject to Social Security taxes. Requests for payment of insured benefits should be made directly to the insurer. You will only be reimbursed from the Dependent Care Assistance Account to the extent that there are sufficient funds in the Account to cover your request.

## **2. What Happens If I Don't Spend All Plan Contributions?**

Any monies left at the end of the Plan Year will be forfeited. Obviously, qualifying expenses that you incur late in the Plan Year for which you seek reimbursement after the end of the Plan Year will be paid first before any amount is forfeited. However, you must make your requests for reimbursement no later than 90 days after the end of the Plan Year. Because it is possible that you might forfeit amounts in the Plan if you do not fully use the contributions that have been made, it is important that you decide how much to place in each account carefully and conservatively. Remember, you must decide which benefits you want to contribute to and how much to place in each account before the Plan Year begins. You want to be as certain as you can that the amount you decide to place in each account will be used up entirely.

## **2. What Happens If I Terminate Employment?**

If you leave our employ during the Plan Year, your right to benefits will be determined in the following manner:

--You will remain covered by insurance, but only for the period for which premiums have been paid prior to your termination of employment.

--You will still be able to request reimbursement for qualifying dependent care expenses for the remainder of the Plan Year from the balance remaining in your dependent care account at the time of termination of employment. However, no further salary redirection contributions will be made on your behalf after you terminate.

--Your participation in the Health Care Reimbursement Plan will cease, and no further salary redirection contributions will be contributed on your behalf. However, you will be able to submit claims for health care expenses incurred prior to your date of termination.

Under Federal law, you, your spouse, and your dependents may be entitled to continuation of health care coverage. The Administrator will inform you of these rights if you terminate employment. Generally, if we (and any related companies) employed twenty (20) or more employees "on a typical business day" in the preceding calendar year, health plan continuation must be made available for a period not to exceed eighteen (18) months if a loss of benefits occurs because of your termination of employment or reduction of hours, or for a period not to exceed three (3) years for any of the other reasons given in (b) and (c) below. Under certain circumstances, persons who are disabled at the time of termination of employment or reduction in hours may be eligible for continuation of coverage for a total of 29 months (rather than 18). You should check with the Administrator for more details regarding this extended coverage.

However, in certain circumstances, this continuation coverage may be terminated for reasons such as failure to pay continuation coverage cost, coverage under another employer's plan (whether as an employee or otherwise, provided the other employer's health plan does not contain any exclusion or limitation with respect to any pre-existing condition of the beneficiary), termination of our health plan, or you (or the person entitled to continued coverage) become entitled to Medicare benefits, your dependents may still qualify for continuation coverage. The cost of continuation coverage must be paid by the individual choosing such coverage; however, the cost may not exceed 102% of the cost of the same coverage for a "similarly situated" employee or family member. When the continuation coverage for a disabled person is extended from 18 months to 29 months, the disabled person may be charged 150% (rather than 102%) of the cost of the coverage after expiration of the initial 18-month period.

- (a) If you would otherwise lose your health plan coverage under this Plan because of a termination of employment or reduction in hours, you may continue the health plan coverage provided under this Plan. However, this will not be a tax-deductible expense to you, absent unusual circumstances.
- (b) Your spouse may choose continuation coverage for himself or herself if he or she loses group health coverage for any of the following reasons: (1) your death; (2) your divorce or legal separation; or (3) you become entitled to Medicare.
- (c) Your dependent children may choose continuation coverage for themselves if they lose group health coverage for any of the following reasons: (1) death of a parent; (2) your divorce or legal separation; (3) you become entitled to Medicare; or (4) your dependent ceases to be a dependent child under the Plan.

It is your responsibility to notify the Plan Administrator of a divorce, legal separation or other change in marital status, change in a spouses' address, or a child losing dependent status under the plan, within sixty (60) days of the event. It is our responsibility to notify the Plan Administrator of your death, termination of employment or reduction in hours, or Medicare eligibility.

#### **4. Will My Social Security Benefits Be Affected?**

Your Social Security benefits may be slightly reduced because when you receive tax-free benefits under our Plan, it reduces the amount of contributions that you make to the Federal Social Security system as well as our contribution to Social Security on your behalf.

**VI**  
**HIGHLY COMPENSATED AND KEY EMPLOYEES**

**1. Do Limitations Apply to Highly Compensated Employees?**

Under the Internal Revenue Code, “highly compensated employees” and “key employees” generally are Participants who are officers, shareholders or highly paid. You will be notified by the Administrator each Plan Year whether you are a “highly compensated employee” or a “key employee”.

If you are within these categories, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their spouses or their dependents. Federal tax laws state that a plan will be considered to unfairly favor the key employees if they as a group receive more than 25% of all of the nontaxable benefits provided for under our Plan.

Plan experience will dictate whether contribution limitations on “highly compensated employees” or “key employees” will apply. You will be notified of these limitations if you are affected.

**VII**  
**PLAN ACCOUNTING**

**1. Periodic Statements**

The Administrator will provide you with a statement of your account periodically during the Plan Year that shows your account balance. It is important to read these statements carefully so you understand the balance remaining to pay for a benefit. Remember, you want to spend all the money you have designated for a particular benefit by the end of the Plan Year.

**VIII**  
**GENERAL INFORMATION ABOUT OUR PLAN**

This Section contains certain general information, which you may need to know about the Plan.

**1. General Plan Information**

North Colonie Central School District Cafeteria Plan is the name of the Plan.

Your Employer has assigned Plan Number 501 to your Plan.

The provisions of your amended Plan become effective on July 1, 1996. Your Plan was originally effective on June 1, 1990.

Your Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup>.

## **2. Employer Information**

Your Employer's name, address, and identification number are:

North Colonie Central School District  
91 Fiddlers Lane  
Latham, New York 12110  
14-6004015

## **3. Plan Administrator Information**

The name, address and business telephone number of your Plan's Administrator are:

Benetech  
One Dodge Street  
North Greenbush, New York 12198  
(518) 283-8500

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

## **4. Service of Legal Process**

The name and address of the Plan's agent for service of legal process are:

North Colonie Central School District  
91 Fiddlers Lane  
Latham, New York 12110

## **5. Type of Administration**

The type of Administration is Employer Administration.

## **IX ADDITIONAL PLAN INFORMATION**

### **1. Claim Process**

You should submit reimbursement claims during the Plan Year, but in no event later than 90 days after the end of a Plan Year. Any claims submitted after that time will not be considered. Claims for benefits that are insured will be reviewed in accordance with procedures contained in the policies. All other general claims or requests should be directed to the Administrator of our Plan. If a non-insured claim under the Plan is denied in whole or in part, you or your beneficiary will receive written notification. The notification will include the reasons for the denial, with reference to the specific provisions of the Plan on which the denial was based, a description of any additional information needed to process the claim and an explanation of the claims review procedure. If we fail to respond within 90 days, your claim is treated as denied. Within 60 days after denial, you or your beneficiary may submit a written request for reconsideration of the application to the Administrator.

Any such request should be accompanied by documents or records in support of your appeal. You or your beneficiary may review pertinent documents and submit issues and comments in writing. The Administrator will review the claim and provide, within 60 days, a written response to the appeal. (This period may be extended an additional 60 days under certain circumstances.) In this response, the Administrator will explain the reason for the decision, with specific reference to the provisions of the Plan on which the decision is based. The Administrator has the exclusive right to interpret the appropriate plan provisions. Decisions of the Administrator are conclusive and binding.

## **X SUMMARY**

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. Our flexible benefits plan will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Administrator.