PRESBYTERY OF ALBANY SECTION 125 CAFETERIA PLAN

This document describes the Presbytery of Albany Section 125 Cafeteria Plan ("Plan"). Please contact Daniel Rogers, Head of Staff ("Plan Administrator"), if you have questions.

HOW THE PLAN WORKS

The Section 125 Plan is intended to be a "cafeteria plan" within the meaning of Section 125 of the Internal Revenue Code ("Code"). On this basis, the Plan provides you with:

- The opportunity to pay for the benefits described in this Notice on a pre-tax basis by using that portion of the Presbytery's benefit allocation ("Flex Contribution") that is available for this use;
- To the extent that you do not wish to use your entire Flex Contribution amount for the available benefits, to receive the portion you do not designate for benefit coverage in additional cash compensation, subject to applicable withholdings; and
- If the total cost of the benefits you select exceeds the amount of the Presbytery's Flex Contribution on your behalf, to pay the additional cost on a non-taxable basis, by electing "Pre-Tax Salary Reduction Contributions." Such contributions are not considered wages, and therefore are not subject to income or Social Security taxes.

These nontaxable options are intended to be of benefit to you. However, your election of benefits (other than additional cash compensation) will reduce your earnings for Social Security purposes. While the effect of this reduction is expected to be small, its impact will vary from case to case and cannot be predicted by the Plan Administrator.

The Plan operates on a calendar year. This is referred to as the "Plan Year."

ELIGIBILITY FOR THE PLAN

You are eligible for the Plan if you are employed by the Presbytery of Albany as follows:

1. Staff who work at least 20 hours per week are eligible for the Plan on January 1, 2015.
2. Newly hired staff who work at least 20 hours per week are eligible for the Plan effective on the first day of the month following the date of hire, provided that the staff member enrolls in the Plan not later than 30 days following the date of hire.

BENEFITS AVAILABLE

Eligible staff may elect one or more of the following benefits offered by the Presbytery:

- Pre-Tax payment of premiums for the following:
  - Group health insurance,
  - Dental insurance,
  - Vision insurance;
- Health Care reimbursement account;
- Child Care reimbursement account; and

- Additional taxable cash compensation in lieu of coverage (only if not eligible for the Board of Pensions ("BOP") Traditional Plan).

You must enroll to participate in the insurance benefits offered through the Plan. To get enrollment forms, contact the Plan Administrator.

CONTRIBUTIONS AND COST OF COVERAGE

Eligible staff who are not eligible for or enrolled in the BOP Traditional Plan will receive a Flex Contribution to the Plan equal to 15% of the staff member's salary which may be used for the benefits described above, in accordance with the procedures established by the Presbytery.

- If the cost of the coverage you elect exceeds the allocable Flex Contribution, the additional cost will be deducted from your paycheck on a pre-tax basis.
- If the cost of coverage you elect is less than the allocable Flex Contribution, you will receive the difference on a pro-rata basis in your paycheck, subject to applicable withholding requirements. You are not obligated to purchase any benefits under the Plan.

Information regarding the cost of coverage will be provided to eligible staff during the enrollment period.

Special Enrollment Notice

If you decline health insurance enrollment for yourself or your dependents (including your spouse) because of other health insurance coverage, you may in the future be able to enroll yourself or your dependents in this plan, provided that you request enrollment within 30 days after your other coverage ends. In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents, provided that you request enrollment within 30 days after the marriage, birth, adoption, or placement for adoption.

MAKING AN INITIAL ELECTION

You will have an initial election period for the Plan when you first satisfy the eligibility requirements, and an open enrollment period for coverage beginning the following January 1st. You will be advised of the specific date by which your forms must be returned to the Plan Administrator. Once you enroll in the Plan, your election for insurance coverage will be carried over from year to year unless you change your election as described below. **New elections for the Health Care Reimbursement Account and the Child Care Reimbursement Account must be made each year during the open enrollment period.** These elections cannot be carried over from one year to the next.

CHANGING ELECTIONS

Annual Election Periods: Prior elections may be changed for later Plan Years in advance of the beginning of the new Plan Year. The Plan Administrator will announce the annual election period before the beginning of each Plan Year. During the

announced period, you may change your previous election as to: (1) whether to have coverage under one or more of the benefits offered; and (2) the level of coverage (for example, individual or family.

Failure to Return a New Election Form During the Annual Election Period: If new forms are not returned by the end of the announced annual period, your prior elections for insurance coverage will remain in effect for the new Plan Year (for the necessary premium amounts for that year). Your prior elections for Health Care Reimbursement and Child Care Reimbursement will be discontinued.

General Prohibition against Election Changes During a Plan Year: The legal rules that apply to the Plan under Section 125 of the Code generally prohibit you from making changes with respect to your elections during a Plan Year. Limited exceptions to this rule that have been established by the Internal Revenue Service ("IRS") are discussed below. However, unless an IRS exception applies:

1. If you elect to apply the Presbytery's Flex Contribution to the cost of elected benefits, and, if necessary, to reduce your pay by electing to benefits in excess of the Flex Contribution, you cannot revoke that election during that Plan Year. Thus a decision to drop Medical Plan coverage will not allow you to increase your pay to the unreduced rate unless an IRS exception applies.

2. If you do not elect benefits in advance of the Plan Year (or within the 30-day period after your date of hire), you will receive your Flex Contributions as additional cash compensation and you not be permitted to reduce your taxable pay by first electing benefits once the Plan Year has begun unless an IRS exception applies.

Exceptions that Permit Election Changes During a Plan Year: The Plan Administrator will permit you to make changes regarding your insurance elections during a Plan Year to the extent permitted by IRS regulations, as in effect at the pertinent time. Changes to the Health Care Reimbursement Account are not permitted by the IRS. **Because the rules are too extensive to describe fully here and are subject to change, it is important that you contact the Plan Administrator about your particular situation, if you ever wish to make a change during a Plan Year**. However, you may use the following summary of the main principles of these rules to make an initial assessment of your situation:

Change in Status Enrollment Rights: Gaining a New Dependent: If you have a new dependent as a result of marriage, birth, adoption, placement for adoption or acquire a dependent, you may be able to enroll yourself and your eligible dependents in the group health plan, the health care reimbursement account, or child care reimbursement account. You must request enrollment within 30 days after the marriage, birth, adoption, placement for adoption.

Change in Status Enrollment Rights: Loss of Eligibility for Other Medical Coverage: If you decline group health plan enrollment for yourself or your dependents (including your spouse) because of other coverage, you may enroll yourself and your dependents in the

group health plan if you or your dependents lose eligibility for that other coverage (or if the employer stops contributing toward your or your dependents' other non-COBRA coverage). You must request enrollment within 30 days after the date you or your dependents' other coverage ends (or after the employer stops contributing toward the other coverage). Loss of eligibility for coverage includes:

- Loss of eligibility as a result of legal separation, divorce, cessation of dependent status (such as attaining the maximum age to be eligible as a dependent child under the Plan), death of an employee, termination of employment, reduction in the number of work hours of employment;
- In the case of medical coverage that does not provide benefits to individuals who no longer reside, live or work in the service area, loss of coverage because an individual no longer resides, lives or works in the service area (whether or not within the choice of the individual), and no other employer-sponsored medical coverage is available to the individual;
- A situation in which the other medical coverage no longer offers any benefits to the class of similarly situated individuals that includes the individual; and
- In the case of an individual who has COBRA continuation coverage, at the time the COBRA continuation coverage is exhausted.

However, loss of eligibility for other coverage does not include a loss of coverage due to:

- The failure of the employee or dependent to pay premiums on a timely basis;
- Voluntary disenrollment from a medical plan (except at an annual enrollment period that differs from the enrollment period for the Plan); or
- Termination of coverage for cause (such as making a fraudulent claim or an intentional misrepresentation of a material fact in connection with the medical plan).

When coverage begins. If you enroll yourself, your spouse and/or your eligible dependent child(ren) in the group health plan due to a loss of eligibility for coverage event described above, coverage begins on the date of loss. If you miss the enrollment window of 30 days, coverage will be delayed until the first day of the next Plan Year (and you must elect the coverage during the open enrollment period).

Changes in Cost or Coverage: If the premium cost of insured benefit coverage or your child care costs changes during the year, the amount of Flex Contributions you use for benefits your payroll deductions will be automatically increased. If the Plan Administrator determines that the cost change is significant, you may be permitted to switch to a lower cost option or drop coverage if no similar option is available. Similarly, if coverage under a group health plan option changes significantly, you may be permitted to change your election.

Special Enrollment Periods under "HIPAA": Under another Federal law known as "HIPAA," you may be able to enroll for group health plan coverage outside of a regular enrollment period, if you lose other health coverage or have new dependents. To the extent that you are eligible for such a special enrollment period for group health plan coverage, you also may change your election regarding the allocation of Flex Contributions or pre-tax payroll deductions to group health plan coverage.

CLAIMS

If you have a claim under an insured benefit, you must contact the insurer.

If you should disagree with the manner in which the Plan Administrator resolves an issue concerning your eligibility or other rights under the Plan, (for example, to change an election) or the Health Care Reimbursement Account or Child Care Reimbursement Account, you may file a formal claim with the Plan Administrator in writing within 60 days of the date the claim arises. The Plan Administrator will provide you with a written decision if it denies your claim, and additional review if you make such a request in writing.

The Plan Administrator has discretionary authority to interpret and apply the Plan and resolve claims, consistent with applicable legal requirements. The Plan document will control in the event of any inconsistency between the Plan and the summary provided by this Notice. The Employer retains the right to amend or terminate the Plan at any time.

RIGHT TO AMEND OR TERMINATE

Although the Presbytery intends the Plan to continue indefinitely, it has the right to amend or terminate the Plan or any benefit or contribution under the Plan.

LIMITATION ON ASSIGNMENT

Your rights and benefits under the Plan cannot be assigned, sold or transferred to your creditors or anyone else.

YOUR EMPLOYMENT

This Plan does not constitute an implied or express contract or guarantee of employment, nor an inducement or condition of employment of any person. Similarly, your eligibility or your right to benefits under the Plan should not be interpreted as an implied or express contact or guarantee of employment. The Presbytery's employment decisions are made without regard to benefits to which you are entitled upon employment. Nothing in these documents should be interpreted (a) to give to any employee the right to be retained in the employ of the Albany Presbytery; (b) to affect the right of the Albany Presbytery to discipline or discharge any employee at any time; (c) to give the Albany Presbytery the right to require any employee to remain in its employ; or (d) to affect any employee's right to terminate employment at any time.

APPLICABLE LAW, JURISDICTION AND VENUE

The Plan shall be construed, regulated, interpreted, and administered under and in accordance with the laws of the State of New York without regard to its conflicts of law provisions, unless preempted by Federal law. The jurisdiction of any proceeding arising out of or with respect to the Plans or Plan benefits shall be in a court of competent jurisdiction in New York State. The parties to any such proceeding shall be subject to personal jurisdiction in New York State. Venue of any proceeding shall lie in Rensselaer County, New York, if a state court action, and in the United States District Court, Northern District of New York, if a federal court action.

NO GUARANTEE OF TAX CONSEQUENCES

Although the Plan intends to provide for the payment of benefits on a tax-preferred basis, neither the Plan Administrator nor the Albany Presbytery guarantees that any amounts paid to or for the benefit of a member under the Plan will be excludable from the Participant's gross income for federal, state, or local income tax purposes.

INFORMATION TO BE FURNISHED

Participants shall provide the Albany Presbytery and the Plan Administrator or Insurer with such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the administration of the Plan.

HEALTH CARE REIMBURSEMENT ACOUNT

The Health Care Reimbursement Account (HCRA) allows you to pay qualified health care expenses on a pre-tax basis. You may save taxes on the otherwise unreimbursed medical expenses incurred by you, your spouse, your dependents, and your child who is less than 27 years of age on December 31st.

When you enroll in the HCRA, you direct a portion of your paycheck, before Federal and State income and Social Security taxes are withheld, into a health care spending account. The full amount of your election is available for reimbursement expenses incurred throughout the Plan Year, and up to March 15 of the following year.

This Section describes how the HCRA works. The maximum allocation of Flex Contributions you can make to the HCRA is $500. However, you can make additional pre-tax payroll deductions to the HCRA. The maximum contribution to the HCRA is $2,550 (2015 amount).

Federal Tax Deduction for Health Care Expenses

Under current IRS regulations, you may deduct uninsured health care expenses that exceed 7.5% of your adjusted gross income from your Federal income taxes, if you itemize deductions. If your uninsured health care costs are less than 7.5% of your adjusted gross income, you cannot deduct those expenses. You may, however, save taxes on those same expenses through an HCRA. If your health care expenses exceed 7.5% of your adjusted gross income, you may either take a tax deduction or submit the expenses for reimbursement from the HCRA – you cannot do both.

You may want to discuss the advantages of participating in the HCRA with your financial or tax advisor.

IRS “Use It or Lose It” Rules

The IRS requires that you use the money in your HCRA for expenses you incur during the claims period that includes the plan year in which you make the contributions. In other words, you must contribute the money during the calendar year and use the money (that is, incur the expenses) within the claims year. The claims year begins on January 1 (or the first day of your participation if you are a newly hired employee) and ends following the 2 ½ month grace period following the end of the calendar year. You have until May 31st after each calendar year during which you may request reimbursement for expenses you incurred during the plan year (January 1 of year 1 through March 15 of year 2).

Please note: These submission dates apply only if you continue to be actively employed with the Presbytery. Participants who retire or otherwise end employment with the Presbytery have only 90 days from the effective termination date to file eligible claims.

You will forfeit any money you contributed to your HCRA during the calendar year if it is left in your account after the following May 31. Also, you cannot include as a deduction on your Federal income tax return any expense reimbursed through an HCRA.

Example: Suppose you contribute a total of $500 into your HCRA for this year but, as of December 31, this year, there is $75 left in the account. You have until May 31 next year, to request reimbursement from your remaining account balance for eligible expenses incurred between January 1, this year and March 15, next year. You will forfeit any portion of the $75 remaining in your account after May 31, next year. The company will apply any forfeited amounts toward the administrative cost of operating the plan.

Because of these IRS rules, you should be careful and conservative when you determine your contribution amount for the upcoming year.

Changing Your Contributions

Your elected HCRA contribution amount will remain in effect for the calendar year. The IRS allows you to change your contribution amount during the calendar year only if you have a qualifying change in status, as defined by the IRS.

The IRS states that qualifying changes in status can include:

- Marriage, divorce, or legal separation;
- Birth or adoption of a child;
- Death of a spouse or dependent;
- Your spouse stopping or starting work; and
- You or your spouse changing employment status (for example, you switch from full-time to part-time or vice versa) and lose coverage as a result.

If you experience a change in status, you may make an election change that is consistent with the status change. For example, you may reduce or stop your contributions if your work hours are reduced. You may not, however, commence benefit participation or increase your contributions at that time. *You may never withdraw contributions you have made during the year, except as reimbursement for eligible expenses, even if your status changes.*

To make a change, contact the Plan Administrator.

Eligible Expenses

You may use your HCRA to pay for many health care expenses on a pre-tax basis. To qualify, health care expenses must be:

- Incurred on or after the date your participation in the HCRA began;
- Incurred during the 15½ month claims period begins with the calendar year in which you contributed to the HCRA; and
- Deductible for Federal income tax purposes and listed in IRS Publication 502 (www.irs.gov).

An expense is incurred when the services are rendered, not when you pay for them. However, you may pre-pay for un-reimbursed orthodontia expenses.

Your health care expenses cannot be reimbursable by any other company benefit plan or any other plan (such as your spouse's health plan or health care spending account).

Here are some examples of eligible health care expenses:

- Deductible and office visit co-payments you pay as a participant in a company health plan[1] or another health plan (such as a plan in which your spouse or an eligible dependent participates);
- Health care expenses in excess of your health care benefits coverage. For example, the portion of a covered health care expense that is above the reasonable and customary amounts defined by the health plan, whether a company health plan or another health plan (such as a plan in which your spouse or to her dependent participates); or out-of-network co-payments;
- Health plan fees and co-payments you may have to pay for certain services, such as office visits or other fees in excess of the plan's coverage limits;
- Braille books and magazines;
- Childbirth classes – Lamaze and others;
- Chiropractors – services within scope of license;
- Contact lenses;
- Dental fees – X-rays, fillings, braces, extractions, dentures, and other treatments;
- Eyeglass prescriptions
- Hearing aids – including batteries;
- Learning – disability tutoring by a licensed school or therapist for a child with a severe learning disability;
- Nurses – private duty;
- Nursing home – for treatment of illness or injury;
- Certain over-the-counter medications (accompanied by a prescription), some of which will require a copy of your physician's diagnosis and recommendation; and
- Transportation – automobile mileage, parking fees, and tolls incurred when traveling for health care.

For a complete list of eligible health care expenses, refer to IRS Publication 502, available from the IRS (1-800-TAX-FORM, or www.irs.gov. You may also want to consult a tax advisor.

Note: You may not submit for reimbursement from your HCRA any health care premiums you or your spouse pays; your premiums for company-sponsored health care coverage are already deducted from your paycheck on a pre-tax basis.

---

[1] *A "health plan" may be a medical, dental, vision care, or prescription drug plan.*

Ineligible Expenses

Health care expenses are not eligible for reimbursement from your HCRA if they do not qualify as a deduction for Federal tax purposes or if they are covered under an insurance plan.

Examples of specific expenses not eligible for reimbursement include:

- Other health insurance coverage, including premiums for COBRA coverage, other employer health plans, Medicare premiums, insurance purchased in a state or federal healthcare marketplace;
- Premiums for accidental death and dismemberment insurance, long-term disability or short-term disability insurance;
- Expenses for long-term care insurance premiums or for long-term care services for the employee or employee's spouse or dependent;
- Health insurance coverage purchased in a state or federal healthcare marketplace;
- Over-the- counter medicines, unless it is prescribed, or is insulin;
- Health insurance or health plan premiums (contributions for coverage you or your spouse make);
- Any expenses you incur before your plan participation begins;
- Funeral and burial expenses;
- Any portion of an expense payable by insurance;
- Any portion of an expense you claim as a tax deduction or credit;
- Marriage or family counseling;
- Health club memberships;
- Maternity clothes or diaper services; and
- Cosmetic surgery expenses, including Dental procedures to whiten or cap teeth, and any other procedures that are strictly cosmetic.

Requesting Reimbursement from Your Health Care Reimbursement Account

The amounts you contribute to your HCRA are available to reimburse you for eligible health care expenses that you incur during the calendar year (and after you began participating in the plan). For example, if you become eligible and begin participating on July 1, only expenses that you incur from July 1 through March 15 of the following year will be eligible for reimbursement from your HCRA. Expenses you incur before July 1 will not be eligible for reimbursement.

You may receive reimbursement for eligible health care expenses you submit, up to the total amount you have elected to contribute for the year even if the reimbursement request exceeds your accumulated contributions to date.

Example: Suppose you decide during this year's annual enrollment period to contribute $750 to your HCRA for next year. In January next year, you incur eligible health care

expenses of $500. Because your HCRA contributions are deducted from your paycheck and deposited into your account in equal amounts during the calendar year, your HCRA balance is $62.50 ($750 ÷ 12 months) as of January 31, next year. Because your annual contributions will be more than enough to cover the expense, you may submit a request for reimbursement for the full $500 of eligible expenses, even though your account balance is only $62.50.

You have until May 31st to submit claims incurred in the prior Plan Year and the 2½ month grace period that follows the end of that Plan Year for reimbursement. The claims, however, must be for expenses you incurred during the claims period (and after you began participating in the plan).

To receive reimbursement for eligible expenses, you must complete and submit a Reimbursement Request Form, available from Carlie D'Annunzio. When you submit your request for reimbursement, be sure to include a bill from the provider or an explanation of benefits from your insurance plan that shows:

- Your name and the name of the person receiving services;
- The date the expense was incurred;
- A description of the service or treatment; and
- The amount of the expense and the person or organization receiving payment.

HCRA claims are processed monthly. The minimum reimbursement is $50, or the remainder in your HCRA if less.

Plan Limitations

Certain circumstances may reduce or eliminate the benefits you would otherwise receive from an HCRA. For example:

- If you submit an expense that does not qualify for payment under the Plan and you are reimbursed for it, the payment you receive will be taxable income and you will be liable for paying any taxes due.
- The circumstance under which contributions and reimbursements are permitted may change when further IRS regulations are issued or if new legislation is passed affecting this type of benefit plan.

No Interest on Withdrawals

Your HCRA lets you pay for eligible expenses with tax-free dollars. The money in your account, however, does not earn interest.

Once contributions have been deducted from your paycheck, they can be used only to reimburse you for eligible expenses. *You may not withdraw deposited spending account contributions, except as reimbursement for eligible expenses, even if your family status changes.*

Privacy of Your Protected Health Information

The Albany Presbytery (the "Plan Sponsor") shall use and disclose individually identifiable health information ("Protected Health Information" or "PHI") as defined in 45 C.F.R. Parts 160 and 164 and specifically 45 C.F.R. section 164.504(f) (the "HIPAA Privacy Rule"), only to perform administrative functions on behalf of the Child Care Reimbursement Accounts. Neither the Plan Sponsor nor the Plan Administrator shall use or disclose such information for any purpose other than as permitted to administer the CCRA or as permitted by applicable law.

The Plan shall disclose PHI to the Plan Sponsor only upon receipt of the certification by the Plan Sponsor that the Plan document has been amended to incorporate the provisions herein. The Plan Sponsor shall ensure that any agents, including subcontractors, to whom it provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such information. Neither the Plan Sponsor nor the Plan Administrator shall use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit Plans. The Plan Sponsor shall report to these Plans any use or disclosure of PHI that is inconsistent with the uses or disclosures provided for herein of which it becomes aware.

The Plan Sponsor shall make available PHI to the Plan for purposes of providing access to individual's PHI in accordance with 45 C.F.R. Section 164.524. The Plan Sponsor shall make available PHI to the Plan for amendment and incorporate any new amendments to PHI in accordance with 45 C.F.R. Section 164.526 and shall make available PHI and any disclosures thereof to the Plan as required to provide an accounting of disclosures in accordance with 45 C.F.R. Section 164.528.

The Plan Sponsor shall make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the US Department of Health and Human Services for purposes of determining compliance by the Plan with the HIPAA Privacy Rules and the Plan Sponsor shall notify the Plan of any such request by the Secretary prior to making such practices, book and records available. The Plan Sponsor shall, if feasible, return or destroy all PHI received from the Plan that it maintains in any form and retain no copies of such information when no longer needed for the purpose for which the disclosures were made, except that, if such return or destruction is not feasible, and shall limit further uses and disclosures to those purposes that make the return or destruction of the information unfeasible.

The Plan Sponsor shall also ensure that only its employees or other persons within its control that participate in administering the Plan shall be given access to PHI to be disclosed, including those employees or person who receive PHI relating to Payment, Health Care Operations (as defined in the HIPAA Privacy Rules) of, or other matters pertaining to these Plans in the ordinary course of the business and perform Plan administration functions. The Plan Sponsor agrees to demonstrate to the satisfaction of the Plan that it has put in place effective procedures

to address any issues of noncompliance with the privacy rules described in this section by its employees or other persons within its control.

CHILD CARE REIMBURSEMENT ACCOUNT

The Child Care Reimbursement Account ("CCRA") allows you to pay eligible child or elder care expenses for a ("qualifying dependent") on a pre-tax basis. You may save taxes on child and elder care expenses you incur in order for you (and your spouse, if you are married) to work or, in some cases, if your spouse goes to school or is disabled.

You pay your provider directly and submit for reimbursement through the Plan Administrator.

When you enroll in the plan, you direct a portion of your Flex Contribution or pre-tax payroll deductions to a CCRA set up in your name. You may submit for reimbursement of your expenses as often as once per month, up to the amount of money that has been credited to your account.

In addition to meeting the eligibility requirements described in "Eligibility" above, in order to elect the CCRA, you must also meet the following requirements:

- The child or elder care expenses that you incur must enable you (and your spouse, if married) to work and
- The dependent is a "qualifying dependent" (as defined below) and
- The expenses are "qualified expenses" (as defined below) and
- If you are married, your spouse must be either:
    - Earning income or
    - A full-time student for at least five months of the year or \
    - Physically or mentally incapable of self-care.

Contribution Levels

When you enroll in the CCRA, you will estimate your eligible child care expenses for the upcoming year and decide how much you want to contribute, based on these IRS-determined rules:

If you are single you may contribute up to $5,000 per year.

If you are married and file:

- A joint Federal tax return: You may generally contribute up to $5,000 per year.
- Separate Federal tax returns: You may contribute up to $2,500 per year.
- If your spouse also contributes to a child care account, your combined annual contributions cannot exceed $5,000*.
- In addition, you may not contribute more than the amount of your earned income or that of your spouse, whichever is less.

Limitation on Contributions

Please note, the IRS limits your Child Care Spending Account contribution to the lesser of your annual salary or your spouse's annual salary if this amount is lower than the regular account maximum.

If your spouse does not earn any income but is a full-time student or physically or mentally incapable of self-care, your maximum annual contribution will be determined as follows:

- If you have one dependent: $250 per month if your spouse is a full-time student or physically or mentally incapable of self-care (up to maximum of $2,400).
- If you have two or more dependents: $500 per month if your spouse is a full-time student or physically or mentally incapable of self-care (up to maximum of $4,800).

You may contribute the full amount even if your plan participation begins late in the calendar year.

Once you enroll, your contributions will be deducted in equal amounts from each paycheck throughout the year.

IRS “Use-it-or Lose-it” Rules

You will want to estimate your eligible child care expenses carefully and be conservative about your contribution election because of additional restrictions the IRS imposes on your account as described below.

The IRS requires that you use the money in your child care account for expenses you incur during the claims period. The claims period begins on the January in which you make the contributions (or, if later, the date you become eligible for the CCRA) and ends on the March 15th that is 15½ months after the first day of the plan year. In other words, you must contribute the money during the plan year (January 1 to December 31) and use the money in that claims period.

For example, let’s assume that you elected to contribute $5,000 to a Child Care Reimbursement Account for this year, and through December 31 of this year, you incurred only $4,200 in eligible claims. This leaves $800 in your Child Care Reimbursement Account. You will be able to submit claims incurred from January 1 through December 31 of this year, through March 15, of next year against this remaining $800 balance. All claims must be submitted for reimbursement by May 31, next year in this example, otherwise the remaining money in the Child Care Reimbursement Account is forfeited.

Please note: These submission dates apply only if you continue to be actively employed with the Presbytery. Participants who retire or otherwise end employment with the Presbytery have only 90 days from the effective termination date to file eligible claims.

Changing Your Contributions

The amount you elect as a child care account contribution will remain in effect for the calendar year. The IRS allows you to change your contribution amount during the calendar year only if you have a qualified change in status, such as:

- Marriage, divorce, or legal separation;
- Birth or adoption of a child;
- Death of a spouse or dependent;
- You or your spouse changing employment status (for example, you switch from full-time to part-time or vice versa).

If you experience a change in status, you may make an election change only if it is consistent with a status change that affects eligibility for coverage under the company's plan or a plan of the spouse's or dependent's employer. A change in status that affects eligibility for coverage includes a change in status that results in an increase or decrease in the number of your family members who may benefit from the coverage, such as a cessation of eligible dependent status. As another example, you may reduce or stop your contributions if your work hours are reduced. You may not, however, begin participation or increase your contribution at that time.

You may also change your CCRA election if there is a change in the cost of your child care expenses from a day care provider who is not your relative, or you have a change in your day care provider (including if you terminate a day care provider because, for example, a relative becomes available to take care of your dependent at no charge).

You may never withdraw amounts you have contributed during the year, except as reimbursement for eligible expenses, even if your family status changes.

To make a change, contact the Plan Administrator.

Eligible Expenses

To be eligible for reimbursement, your child care expenses incurred must be for care provided to your dependents so that you (and your spouse, if you are married) can work. If you are married, additional restrictions apply. To qualify, child care expenses must be:

- Incurred on or after the date your participation in the CCRA began;
- Incurred during the calendar year in which you contributed to the CCRA; and
- Deductible for Federal income tax purposes and listed in IRS publication 503.

Eligible Dependents

For purposes of the CCRA, dependents are defined as follows:

- Your children younger than age 13 who you claim as dependents on your Federal income tax return;
- Dependents of any age who are physically or mentally incapable of self-care and depend on you for more than one-half of their support, who have the same principal home as you do for more than one-half of the taxable year, and who regularly spend at least eight hours each day in your household; or
- A family member (e.g., mother, father, sister, brother, etc.) who has the same principal home as you, spends at least eight hours a day in your home and for

whose support you pay more than 50% of the cost. For example, you may claim reimbursement expenses you incur for elderly day care of an elderly parent (incapable of self-care) only if that parent spends at least eight hours a day in your home and you pay more than 50% of the cost of supporting that parent.

Eligible Providers

You may use your Child Care Reimbursement Account to pay for many child care expenses on a pre-tax basis. If you pay a relative for child care, however, that individual cannot be a child of yours younger than age 19 or a dependent who you claim as an exemption on your Federal income tax return.

In general, you may submit for reimbursement for any expense that qualifies for the Federal child care tax credit including:

- A babysitter;
- A nursery school;
- A day care center (must be licensed if caring for more than six individuals);
- Fees paid to an au pair agency (excluding any transportation costs);
- An after-school program;
- Daytime summer camp;
- An individual who provides care inside or outside your home, who is not your child under age 19 or anyone you claim as a dependent; and
- In-home care for a dependent incapable of self-care.

Ineligible Expenses

Examples of expenses that cannot be reimbursed from your child care account include:

- Nursing home or custodial care charges;
- Overnight camp charges;
- Babysitting expenses when you are not working;
- Food or clothing expenses; and
- Tuition expenses for schooling in the first grade and beyond.

Requesting Reimbursement from Your Child Care Reimbursement Account

The amounts you contribute to your Child Care Reimbursement Account are available to reimburse you for eligible child care expenses that you incur during the calendar year (and after you began participating in the plan). For example, if you become eligible and begin participating on July 1, only expenses that you incur from July 1 through March 15 of the following year will be eligible for reimbursement from your Child Care Reimbursement Account. Expenses you incur before July 1 will not be eligible for reimbursement.

You may receive reimbursement for eligible child care expenses you submit, up to the total amount you have in your Child Care Reimbursement Account at the time of the request.

You have a grace period of 90 days (March 31) from the end of the calendar year to submit claims for reimbursement. The claims, however, must be for expenses you incurred during the plan year (and after you began participating in the plan).

To receive reimbursement for eligible expenses, you must complete and submit a Reimbursement Request Form, available from Carlie D'Annunzio. When you submit your request for reimbursement, be sure to include a bill from the provider that shows:

- Your name and the name of the person receiving services;
- The date the expense was incurred;
- A description of the service ;and
- The amount of the expense and the person or organization receiving payment.

Additionally, your provider can sign your Reimbursement Request Form, as well as provide the Federal Tax Identification Number of the provider of the service in lieu of a receipt for services rendered.

Child Care Reimbursement Account claims are processed monthly. The minimum reimbursement is $50, or the value in your account if less.

If you terminate employment, your contributions to your account and your participation in the plan will stop. However, you may use any funds in your account to pay for eligible expenses incurred prior to your termination date. You have until March 31 of the calendar year following the year for which you made the election to submit for reimbursement.

Federal Child Care Tax Credit

For most people, using the Child Care Reimbursement Account will be the most tax-effective way to pay for child care expenses. For others, however, claiming a child care tax credit on their Federal income tax return will result in greater tax savings.

You can not include as a deduction on your Federal income tax return any expense reimbursed through the Child Care Reimbursement Account. For more information on the child care tax credit, you can refer to Publication 503, Child and Dependent Tax Credit, available from the IRS. You may want to discuss the advantages of participating in the Child Care Reimbursement Account with your financial or tax advisor.

Plan Limitations

Certain circumstances may reduce or eliminate the benefits you would otherwise receive from the Child Care Reimbursement Account. For example:

- Because of the tax advantage of using a child care account, the plan must meet IRS requirements for balanced participation by employees at different pay levels. If necessary, contributions by higher-paid employees will be limited to meet these requirements. You will be notified if you are affected by this limitation.
- If you are reimbursed for an expense that does not qualify for payment under the CCRA and you are reimbursed for it, the payment you receive will be taxable income and you will be liable for paying any taxes due.

The circumstances under which contributions and reimbursements are permitted may change when further IRS regulations are issued or if new legislation is passed affecting this type of benefit plan.

No Interest on Withdrawals

Your Child Care Reimbursement Account lets you pay for eligible expense with tax-free dollars. The money in your child care account, however, does not earn interest.

Once contributions have been deducted from your paycheck, they must be credited to your child care account and can be used only to reimburse you for eligible expenses. *You may not withdraw deposited account contributions, except as reimbursement for eligible expenses, even if your family status changes.*

If You Die

If you die during the Plan Year, your estate or dependents may be reimbursed from your unused account balance for eligible expenses you or your eligible dependents incurred prior to your death. Request for reimbursement, by way of the filing of a claim form by the administrator of your estate for these expenses may be made up to 90 days after the end of the calendar year.

ALBANY PRESBYTERY

SECTION 125 FLEXIBLE BENEFITS PLAN ELECTION AND SALARY DEDUCTION AUTHORIZATION

For Benefits Effective: _____

INSTRUCTIONS:

This Election Form allows you to select benefit options for calendar year 2015.
Before completing this Form, please read the Albany Presbytery Section 125 Flexible Benefits Plan
This form must be completed, signed and returned to Daniel Rogers, Head of Staff by: _____

SECTION I – Personal Information

Especially Prepared for: **Name:**
Address: **Social Security #:**
City, State Zip: **Date of Birth:**

SECTION II – Benefits Elections Please review the Costs of Coverage provided with this form. Your Flex Contributions will be allocated in the order of your elections on this Form.

A. Group Health Care Coverage.

Options (check one)	**Select**	**Waive HealthCoverage**
Employee Only	_____	☐
Employee + Spouse	_____	
Employee + Child(ren)	_____	
Employee + Family	_____	

Attach the completed application for the Group Health Plan and return with this Election form

B. Dental Care Coverage

Options (select one)		**Waive Dental**
Employee Only	_____	☐
Employee + Spouse	_____	
Employee + Child(ren)	_____	
Employee + Family	_____	

Attach the completed application for the Dental Insurance and return with this Election form

C. Vision Care Coverage

Options (select one)		**Waive Vision**
Employee Only	_____	☐
Employee + Spouse	_____	
Employee + Child(ren)	_____	
Employee + Family	_____	

Attach the completed application for the Vision Insurance and return with this Election form

SECTION III – Flexible Spending Accounts

If you wish to establish a Health Care Reimbursement Account and/or a Child Care Spending Account, indicate by checking the Yes box and filling in the amount of total dollars you want deposited in each account. **The amount you elect will be deducted from your Flex Contribution and, if necessary to fulfill your elections, your paycheck prorated over the remaining calendar year.**

D. Health Care Spending Account: Enter any amount from $0 to $2,500 maximum. **Yes** ☐ **$**_____

E. Dependent Care Spending Account: Enter any amount from $0 to $5,000 maximum. (If you have a spouse, he/she must be gainfully employed to participate in this account. If the spouse works part-time, then expenses allowed are only for that time frame). **Yes** ☐ **$**_____

SECTION IV – Health Care Coverage

List eligible family members you wish to cover under your health care plan:

Full Name	Date of Birth	Relationship	SSN

SECTION V – Authorization

My signature below indicates that I have read and understood this Section 125 Flexible Benefits Election Form and the descriptive materials made available to me under the Section 125 Flexible Benefits Program established by the Presbytery of Albany. I hereby authorize allocation of the Flex Contributions made by the Presbytery and, as necessary, payroll deductions on a pre-tax basis, as described above) for the benefits I have elected. This election is binding on heirs, my estate, beneficiaries and me and cannot be revoked or modified other than as provided in the Plan until the next Plan Year. I understand my election will remain in effect for the future Plan Year (with the exception of the Health Care Reimbursement and Child Care Reimbursement Accounts) unless I submit a new Election Form during the Annual Enrollment period or when another event permits such an election change. If the cost of any benefit I have elected changes in future Plan Years, I authorize the Presbytery to re-allocate Flex Dollars and, if necessary, change the amount of my pre-tax payroll deductions as needed to maintain the benefits elections on the Election Form. I understand that federal law requires that any amount in my Child Care Reimbursement Account or Health Care Reimbursement Account, after payments for eligible expenses incurred during the Plan Year, will be forfeited. Based on the above statements, I hereby apply for the options elected above. I authorized the Albany Presbytery to deduct from my salary the amount needed to purchase the benefits I have selected on this form**.**

Signature:_____ Date:_____

Please return to Daniel Rogers, Head of Staff with completed applications for plans elected