

**ADOPTION AGREEMENT  
PREMIUM ONLY CAFETERIA PLAN**

The undersigned adopting employer hereby adopts this Plan. The Plan is intended to qualify as a premium only cafeteria plan under Code section 125. The Plan shall consist of this Adoption Agreement, its related Basic Plan Document and any related Appendix and Addendum to the Adoption Agreement. Unless otherwise indicated, all Section references are to Sections in the Basic Plan Document.

**COMPANY INFORMATION**

1. Name of adopting employer (Plan Sponsor): \_\_\_\_\_
2. Address: \_\_\_\_\_
3. City: \_\_\_\_\_ 4. State: \_\_\_\_\_ 5. Zip: \_\_\_\_\_
6. Phone number: \_\_\_\_\_ 7. Fax number: \_\_\_\_\_
8. Plan Sponsor EIN: \_\_\_\_\_
9. Plan Sponsor fiscal year end: \_\_\_\_\_
- 10a. Plan Sponsor entity type:
  - i.  C Corporation
  - ii.  S Corporation
  - iii.  Non profit Organization
  - iv.  Partnership
  - v.  Limited Liability Company
  - vi.  Limited Liability Partnership
  - vii.  Sole Proprietorship
  - viii.  Union - Specify the name of the representative of the parties who established or maintain the Plan: \_\_\_\_\_
  - ix.  Government Agency
  - x.  Other
- 10b. If 10a.viii (Union) is selected, enter name of the representative of the parties who established or maintain the Plan: \_\_\_\_\_
11. State of organization of Plan Sponsor: \_\_\_\_\_
- 12a. The Plan Sponsor is a member of an affiliated service group:  
 Yes  No
- 12b. If 12a is "Yes", list all members of the group (other than the Plan Sponsor): \_\_\_\_\_
- 13a. The Plan Sponsor is a member of a controlled group:  
 Yes  No
- 13b. If 13a is "Yes", list all members of the group (other than the Plan Sponsor): \_\_\_\_\_

**PLAN INFORMATION**

**A. GENERAL INFORMATION**

1. **Plan Number:** \_\_\_\_\_
2. **Plan name:**
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
3. **Effective Date:**
- 3a. Original effective date of Plan: \_\_\_\_\_
- 3b. Is this a restatement of a previously-adopted plan?  
 Yes  No
- 3c. If A.3b is "Yes", effective date of Plan restatement: \_\_\_\_\_.  
**NOTE:** If A.3b is "No", the Effective Date shall be the date specified in A.3a, otherwise the date specified in A.3c; provided, however, that when a provision of the Plan states another effective date, such stated specific effective date shall apply as to that provision.
- 4a. **Plan Year** means each 12-consecutive month period ending on \_\_\_\_\_(e.g. December 31). If the Plan Year changes, any special provisions regarding a short Plan Year should be placed in the Addendum to the Adoption Agreement.
- 4b. The Plan has a short plan year:  
 Yes. The short plan year begins \_\_\_\_\_ and ends on \_\_\_\_\_.  
 No

**Plan Features**

5. Select the types of Insurance Contracts that will be funded under the Plan (Section 4.01):
  - i.  Employer Group Medical
  - ii.  Employer Dental
  - iii.  Employer Vision
  - iv.  Employer Disability

- v.  Employer Group Term Life
- vi.  Other Insurance Contracts: \_\_\_\_\_

6. **HSA Account.** Contributions to fund an HSA Account are permitted (Section 4.06):  
 Yes  No

**B. ELIGIBILITY**

**Exclusions/Modifications**

1. An Employee shall be an Eligible Employee with respect to the Plan if the Employee is eligible to participate in the Insurance Contracts described in **A.5**:  
 Yes  No  
**NOTE:** If **B.1** is "Yes", the answers to **B.2 - B.4** are disregarded.
2. The term "Eligible Employee" shall not include (Check items below as appropriate):
  - i.  **Union.** Any Employee who is included in a unit of Employees covered by a collective bargaining agreement, if benefits were the subject of good faith bargaining, and if the collective bargaining agreement does not provide for participation in this Plan.
  - ii.  Any **leased employee.**
  - iii.  **Non-Resident Alien.** Any Employee who is a non-resident alien who received no earned income (within the meaning of Code section 911(d)(2)) which constitutes income from services performed within the United States (within the meaning of Code section 861(a)(3)).
  - iv.  **Part-time.** Any Employee who is expected to work less than \_\_\_\_\_ hours per week.
  - v.  **Other:** \_\_\_\_\_**NOTE:** Other Employees described in **B.2.v** must satisfy Code section 125(g) and the requirements under Section 5.01.

**Other**

- 3a. Indicate whether the Plan will make any other revisions to the term "Eligible Employee":  
 Yes  No
- 3b. If **B.3a** is "Yes", describe any further modifications to the term "Eligible Employee": \_\_\_\_\_.

**Immediate Participation**

4. Allow immediate participation for all Eligible Employees:
  - i.  Yes - For all Eligible Employees employed as of the Effective Date
  - ii.  Yes - For all Eligible Employees employed as of \_\_\_\_\_
  - iii.  No

**Service Requirements**

5. An Eligible Employee shall become eligible to become a Participant in the Plan at the same date as he or she becomes eligible to participate in the Insurance Contract(s) described in **A.5**:  
 Yes  No  
**NOTE:** If **B.5** is "Yes", the answers to **B.6 - B.9** are disregarded.
6. Minimum age requirement for an Eligible Employee to become eligible to be a Participant in the Plan: \_\_\_\_\_
7. Minimum service requirement for an Eligible Employee to become eligible to be a Participant in the Plan:
  - i.  None.
  - ii.  Completion of \_\_\_\_\_ hours of service
  - iii.  Completion of \_\_\_\_\_ days of service
  - iv.  Completion of \_\_\_\_\_ months of service
  - v.  Completion of \_\_\_\_\_ years of service
- 8a. Frequency of entry dates:
  - i.  An Eligible Employee shall become a Participant in the Plan as soon as administratively feasible upon meeting the requirements of **B.6** and **B.7**.
  - ii.  first day of each calendar month
  - iii.  first day of each plan quarter
  - iv.  first day of the first month and seventh month of the Plan Year
  - v.  first day of the Plan Year
- 8b. If **B.8.a.i** (immediate entry) is not selected, an Eligible Employee shall become a Participant in the Plan on the entry date selected in **B.8a** that is:
  - i.  coincident with or next following
  - ii.  next following
 the date the requirements of **B.6** and **B.7** are met.
9. Describe any further modifications to the eligibility rules specified in **B.6 - B.8**: \_\_\_\_\_.

**C. BENEFITS**

**Premium Conversion**

- 1a. Provide for automatic enrollment in the Plan (Section 4.03(d)):
- i.  Yes - For all Insurance Contracts selected in **A.5**.
  - ii.  Yes - But only for the following Insurance Contracts: \_\_\_\_\_.
  - iii.  No
- NOTE:** If **C.1a** not "No": (i) a Participant shall be deemed to elect to contribute the entire amount of any premiums payable by the Participant for the Insurance Contracts described in **C.1a.i** or **C.1a.ii**, and (ii) the Plan will automatically adjust such elections for changes in the cost of insurance pursuant to the terms of Treas. Reg. 1.125-4. If **C.1a.i** is selected (all Insurance Contracts), the answers to **C.1b**, **C.1c** and **C.2** are disregarded.
- 1b. If **C.1a.i** is not selected (all Insurance Contracts), when may continuing Participants **make** elections regarding contributions (Section 4.03(b)):
- i.  The \_\_\_\_\_ day period ending prior to the beginning of the Plan Year
  - ii.  Pursuant to Plan Administrator procedures.
- NOTE:** If **C.1b.i** is selected, the Plan Administrator may require that elections be made no later than a certain number of days prior to the beginning of the Plan Year. See Section 4.03(a) for procedures regarding new Participants. The Plan Administrator may also establish a minimum dollar amount or percentage of Compensation for all elections provided that such minimum is non-discriminatory.
- 1c. If **C.1a.i** is not selected (all Insurance Contracts), the election for a continuing Participant who fails to make an election within the period described in **C.1b** shall be determined in accordance with the following (Section 4.03(c)):
- i.  **Election not to participate.** The Participant shall be treated as having elected not to participate in the Plan.
  - ii.  **Continue same election.** Elections for the applicable Plan Year shall be the same as the elections made in the prior Plan Year.
2. If **C.1a.i** is not selected (all Insurance Contracts), provide for automatic adjustment of Participant elections for changes in the cost of insurance pursuant to the terms of Treas. Reg. 1.125-4:
- Yes  No
3. When may Participants **modify** elections regarding contributions (Section 4.04(a)):
- i.  At any time permitted under Treas. Reg. section 1.125-4.
  - ii.  Pursuant to Plan Administrator procedures.

**Company Contributions**

4. Indicate whether the Company may contribute to the Plan (Section 4.05):
- i.  Yes - in Company's sole discretion.
  - ii.  Yes - pursuant to the method described as follows: \_\_\_\_\_.
  - iii.  No.
5. If **C.4** is not "No", indicate whether the Plan permits Participants to elect cash in lieu of benefits:
- i.  No.
  - ii.  Yes - with the following limitations: \_\_\_\_\_
  - iii.  Yes - without limitation.

**D. PLAN OPERATIONS**

**Plan Administrator**

1. Designation of Plan Administrator (Section 7.01):
- i.  Plan Sponsor
  - ii.  Committee appointed by Plan Sponsor
  - iii.  Other: \_\_\_\_\_
- 2a. Type of indemnification for the Plan Administrator (Section 7.02):
- i.  None - the Company will not indemnify the Plan Administrator.
  - ii.  Standard as provided in Section 7.02.
  - iii.  Custom.
- 2b. If **D.2a.iii** (Custom) is selected, indemnification for the Plan Administrator is provided pursuant to an Addendum to the Adoption Agreement.

**Other Provisions**

- 3a. Indicate whether the Plan is subject to COBRA (Section 4.03(g)):
- Yes  No
- 3b. If **D.3a** is "Yes", enter the number of days within which a Participant must notify the Plan Administrator of certain qualifying events such as divorce or legal separation or a dependent child's losing coverage: \_\_\_\_\_ (60 days minimum).
4. Indicate whether the Plan is subject to FMLA (Section 4.03(f)):

Yes  No

**E. EFFECTIVE DATES**

Use this Section to provide any effective dates for Plan provisions other than the Effective Date specified in **A.3**.

**F.      EXECUTION PAGE**

Failure to properly fill out the Adoption Agreement may result in the failure of the Plan to achieve its intended tax consequences.

The Plan shall consist of this Adoption Agreement, its related Basic Plan Document #POP and any related Appendix and Addendum to the Adoption Agreement.

Additional participating employers may be specified in an addendum to the Adoption Agreement.

The undersigned agree to be bound by the terms of this Adoption Agreement and Basic Plan Document and acknowledge receipt of same. The Plan Sponsor caused this Plan to be executed this \_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_.

PLAN SPONSOR (COMPANY):

\_\_\_\_\_