

**The City of Mandan  
Premium Reduction Plan**

**Plan Document**

**Effective Date of the Plan**

01/01/2016

## Table of Contents

<b><u>Section</u></b>	<b><u>Description</u></b>
<b>1.0</b>	<b>Plan Definitions</b>
<b>2.0</b>	<b>Purpose of the Plan</b>
2.1	Purpose of the Plan
<b>3.0</b>	<b>Benefits of the Plan</b>
3.1	Benefits of the Plan
3.2	Benefit Account
3.3	Benefit Cost
3.4	Maximum Benefit
3.5	Minimum Benefit
3.6	Deferred Compensation
<b>4.0</b>	<b>Plan Eligibility</b>
4.1	Plan Eligibility
4.2	Plan Entry Date
4.3	HIPAA Portability
<b>5.0</b>	<b>Plan Participation</b>
5.1	Plan Participation
5.2	Term of Participation
<b>6.0</b>	<b>Plan Contributions</b>
6.1	Plan Contributions
6.2	Funding the Plan
6.3	Change in Insurance Premium
6.4	Revocation/Modification of Plan Contributions
6.5	Non-Standard Plan Contributions
6.6	Nondiscrimination
6.7	Excess Plan Contributions
<b>7.0</b>	<b>Change in Life Status</b>
7.1	Change in Life Status
<b>8.0</b>	<b>Plan Administration</b>
8.1	Plan Administrator
8.2	Plan Administration
8.3	Denial of Benefits
8.4	Indemnity
8.5	Effect of Administrative Mistake
8.6	Limited Employer Involvement
<b>9.0</b>	<b>Miscellaneous</b>
9.1	Amendment and Plan Termination
9.2	No Employment Contract
9.3	Nonassignability
9.4	Facility of Payment
9.5	Required Information
9.6	Assumed Compliance
9.7	Plan Funds
9.8	Severability
9.9	Certain Conflicts
9.10	Construction
9.11	Applicable Laws

**10.0**  
10.1

**Adoption of the Plan**  
Adoption of the Plan

**11.0**  
11.1  
11.2

**Supporting Documents and Amendments**  
TABLE 1 - IRS Uniform Premiums  
TABLE 2 - Maximum HSA Contributions

**12.0**

**Amendments**

## Section 1 Definitions

**1.0 Definitions** - The following definitions shall be used in reference to this document. (All definitions and Plan elements are designed to conform with the August 6, 2007 Proposed Regulations.)

**1.1 "Affiliated Companies"** - means another entity as described in the Code (Section 414(b), (c), (m) or (o)) that receives the Employer's consent to participate in the Plan.

**1.2 "Benefits Account"** - means an administrative account established to track a Participant's pre-tax contributions and payments for Plan Benefits.

**1.3 "COBRA"** - means the Consolidated Omnibus Budget Reconciliation Act of 1985 and its amendments.

**1.4 "Code"** - means the Internal Revenue Code of 1986 and its amendments.

**1.5 "Component Plan"** - means any one of the following plans in effect during the Plan Year:

- a) One or more eligible Accident and Health Plans;
- b) Health Savings Account (HSA) Plan;
- c) A Group Life Insurance Plan (This Plan is limited to \$50,000 of group life insurance on the life of the employee only. The cost of coverage exceeding the \$50,000 limit shall be included in the Employee's gross income. Excess life insurance costs will be calculated using Table 1 shown in Section 11.1 and will be treated as taxable income);
- d) Accidental Death and Dismemberment (AD&D) Plan;
- e) A 401k Retirement Plan;
- f) COBRA Premium Reimbursement Plan;
- g) Health FSA Plan (separate plan document); and
- h) Dependent Care FSA Plan (separate plan document).

**1.6 "Contributions"** - means Employee (and/or Employer) funds used to pay Benefit Costs.

**1.7 "Dependent"** - means all legally married opposite (and same) sex spouses regardless of state of residence, related child or other individual who is defined as a dependent in Section 152 of the Code. Dependents may receive benefits through the Plan but they cannot be Participants in the Plan. Dependents experiencing a "qualifying event" (under COBRA) who elect continuation coverage will retain their "Dependent" status.

**1.8 "Effective Date"** - means the first day that Benefits can be received under the Plan. The City of Mandan Premium Reduction Plan's Effective Date is 01/01/2016.

**1.9 "Eligible Employee" (or just "Employee")** - means any employee of the Employer meeting the enrollment regulations of the Component Plan. Employees may be common law employees, leased employees described in Section 414(n) and full-time life insurance salesmen [as defined in section 7701(a)(20)]. Self-employed individuals are not treated as employees for purposes of Section 125. Sole proprietors, partners, directors of corporations and two-percent (or more) shareholders of an S corporation are not considered to be Employees under Section 125 and may not participate in the Plan.

**1.10 "Employer"** - means City of Mandan and Affiliated Companies.

**1.11 "Enrollment Form"** - means a copy of the Premium Reduction Plan Enrollment Form (to be completed by an Eligible Employee and submitted to the Plan Administrator in a timely fashion).

**1.12 "Enrollment Period"** - means the time frame establish by the Employer in which the Eligible Employee may submit an Enrollment Form to the Plan Administrator.

**1.13 "Entry Date"** - means the first day the Participant is enrolled on the Plan.

**1.14 "ERISA"** - means the Employee Retirement Income Security Act of 1974 and its amendments.

**1.15 "FMLA"** - means the Family Medical Leave Act of 1993, as amended from time to time.

**1.16 "Highly Compensated Individual"** - means an Employee described in Code Section 125(e)(2).

**1.17 "Highly Compensated Participant"** - means a Participant described in Code Section 125(e)(1).

**1.18 "HIPAA"** - means the Health Insurance Portability and Accountability Act of 1996, as amended.

**1.19 "HSA"** - means a Health Savings Account established under Code Section 233 so Employees enrolled in a HDHP may contribute pre-tax contributions to an individual account maintained by the Employee with a qualified trustee/custodian.

**1.20 "HDHP"** - means a High Deductible Health Plan as detailed under Section 223 of the Code.

**1.21 "Key Employee"** - means an Employee described in Code Section 414(i)(1).

**1.22 "Open Enrollment"** - means a designed time frame established by the Employer allowing Employees to select Component Plans.

**1.23 "Participant"** - means an Eligible Employee who has satisfied the Waiting Period and completed and submitted the appropriate Enrollment Form to the Plan Administrator prior to the Employee's Entry Date.

**1.24 "Plan"** - means The City of Mandan Premium Reduction Plan (PRP) adopted by the Employer exclusively for the benefit of Eligible Employees. The Plan is a written document that complies with the requirements as set forth in Section 125 of the

Code. The Plan offers Employees a choice between cash (which is a taxable benefit) and an eligible Component Plan (a nontaxable benefit). The Plan will not permit deferral of compensation, employee roll-overs or plan benefits from one year to another [except for elective contributions towards a 401(k) plan, contributions to a Health Savings Account (HSA) and elective paid time-off].

**1.25 "Plan Administrator"** - means City of Mandan or other Employer appointed committee/organization to administer the Plan.

**1.26 "Plan Year"** - means the twelve consecutive month period commencing on the Effective Date and anniversaries thereof. Only in the case of a "valid business purposes" may the Plan have fewer than twelve months (referred to as a "Short Plan Year")

**1.27 "Qualified Beneficiary"** - means a Participant within the meaning of Section 4980B(g).

**1.28 "Salary Reduction Agreement"** - means the Employee's authorization for the Employer to reduce the Employee's compensation to pay for Benefits provided under the Plan.

**1.29 "USERRA"** - means the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended from time to time.

**1.30 "Waiting Period"** - means the 3 month time frame commencing from the date of hire to the Employee's Entry Date into the Plan.

## **Section 2 Purpose of the Plan**

**2.1 Purpose of the Plan** - The City of Mandan Premium Reduction Plan is adopted by City of Mandan to be effective 01/01/2016. The purpose of the Plan is to offer Employees the choice of selecting between taxable cash and nontaxable Component Plan benefits whereby the Employee directs the Employer to reduce the amount of compensation (otherwise payable to them) to purchase coverage under a Component Plan. City of Mandan intends that the Plan qualify as a "cafeteria plan" as described under Section 125 of the Code. Benefits received by Eligible Employees electing to participate in the Plan shall be eligible for exclusion from the Employee's income for federal income tax purposes. Employees electing not to enroll in the City of Mandan Premium Reduction Plan will pay for coverage under a Component Plan on an after-tax basis through payroll deduction.

## **Section 3 Benefits of the Plan**

**3.1 Benefits of the Plan** - Eligible Employees enrolling in the City of Mandan Premium Reduction Plan may reduce their annual compensation (by an amount not to exceed their contribution toward applicable coverage), establishing a Benefit Account for which the Employer will use to pay for coverage under Component Plans in which the Employee has enrolled. The account funds used to pay for coverage shall be excluded from the Participating Employee's income for federal tax purposes. The Employee's annual salary reduction may only be changed in the event that there is a significant change with respect to a Component Plan [as provided in the applicable regulations issued under Code Section 125] or the Employee or enrolled Dependent experiences a "Change in Life Status" (as defined in Section 7.1). Employees making Contributions towards a Health Savings Account (HSA) will receive the benefit of pre-tax Contributions as described in DOL FAB 2004-1 (April 7, 2004). ERISA, COBRA, HIPAA and other ERISA components will not apply to the HSA.

**3.2 Benefit Account** - The Employer will create administrative accounts for each Participant and debit the accounts by the designated Pay Period Reduction on each scheduled pay period. Based upon payment terms and conditions with the Component Plans, payments will be made to the plan or its insurer on behalf of the Participant (except as otherwise provided in the Component Plan). If there are insufficient funds available in a Participant's Benefit Account, the Employer shall obtain funds through the standard post-tax payroll deduction method.

**3.3 Benefit Cost** - At the beginning of each Plan Year, the Employer will determine the costs for each Component Plan (known as an "Employee Contribution") and its different tier structures. Eligible Employees will have the option of enrolling in any or all of the Component Plans in accordance with their terms. The total Employee Benefit Cost (or annual reduction) will be based upon the total annual Employee Contribution for each selected Component Plan.

**3.4 Maximum Benefit** - The Plan's Employee Maximum Benefit will be the sum of the highest price rating tier structure for

each Component Plan. The Employee Maximum Benefit may vary with each Plan Year based upon the Component Plans being offered. If a Component Plan is added, deleted or experiences a change in Benefit Cost, the Plan's Employee Maximum Benefit will be altered using the same formula as previously stated. If an Employee is enrolled in a High Deductible Health Plan (HDHP) and making HSA Contributions, the annual amount may not exceed the statutory maximum for HSA Contributions for the selected coverage type. These limits may vary for each Plan Year and are shown in Table 2. The annual maximum contribution is reduced by any Employer Contribution made on behalf of the Employee and prorated for the number of months the Employee is eligible and enrolled in the HDHP. Funding for the HSA accounts is not designed to provide accelerated funding of an employee's pre-tax salary reduction and will be forwarded on a per pay period basis.

**3.5 Minimum Benefit** - Eligible Employees may elect to initially enroll in the Plan (prior to their Entry Date for the Plan Year) and designate a Salary Reduction of \$0.00. No benefits will be available for the Participating Employee and the Participating Employee shall have the ability to change his Annual Salary Reduction prior to his Plan Entry Date.

**3.6 Deferred Compensation** - In general, the Plan shall not offer benefits that defer compensation or operate to defer compensation. Benefits may not be carried over to a later Plan Year or used in one Plan Year to purchase benefits to be provided in a later Plan Year. However, there are some allowable exceptions that will not be construed as "deferred compensation" under this Plan and are as follows:

- a) A short-term or long-term disability policy paying benefits over more than one Plan Year;
- b) Reasonable premium rebates or policy dividends;
- c) Certain two-year lock-in vision and dental policies;
- d) Salary reduction contributions in the last month of a Plan Year used to pay Accident and Health insurance premiums for the first month of the following Plan Year; and
- e) Allocation of experience gains (forfeitures) among Participants.

## **Section 4 Plan Eligibility**

**4.1 Plan Eligibility** - All participants in the Plan must be Employees of City of Mandan. Employees become eligible to participate in the Plan upon meeting the appropriate following criteria and submitting an Enrollment Form in a timely fashion.

- a) Newly-hired Employees are eligible to participate in the Plan after meeting the 3 month Plan Waiting Period.
- b) Active Employees (those that have already met the waiting period) are eligible to participate in the Plan on the first day of the Plan Year.
- c) Former Employees who's employment was terminated (either voluntary or involuntary) and are subsequently rehired within thirty days (from date employment is terminated) shall not have to meet the Plan Waiting Period. If the Employee is rehired within the same Plan Year, such Employee shall not be entitled to file a new Enrollment Form for such Plan Year but instead shall be reinstated as of the date of reemployment the same coverage under the Component Plans as was in effect at the time he ceased to be a Participant. Former Employees rehired after thirty days shall need to meet the requirements of a newly-hired employee [describe in 4.1(a)].
- d) Employees electing to take an unpaid leave of absence under FMLA who returns to work may be eligible to participate without meeting the Plan Waiting Period. If the Employee elects to participate in the Plan and insurance premiums are due for any or all time while on FMLA leave, the Employer has the right to deduct the amount for applicable premiums on an after-tax basis from the Employee's income, subject to Section 6.4.
- e) Employees who are absence on account of military service covered by USERRA shall not have to meet the Plan Waiting Period upon their reemployment.
- f) Employees who:
  - 1) Experience a "reduction in work hours" or have a dependent child who no longer qualifies as a dependent under a Component Plan that is considered a "group health plan" under COBRA;
  - 2) Are eligible for COBRA continuation coverage;
  - 3) Accepted COBRA; and
  - 4) Who has an equal to or greater number of remaining COBRA months as compared to the remaining number of months under the Plan.(This is a limited benefit for certain COBRA participants. The Plan limits eligibility for pre-taxing COBRA premiums to ensure the compliance of this cafeteria plan.)
- g) Employees enrolled in a HDHP may elect to make pre-tax contributions towards an HSA provided they meet the

eligibility requirements specified in the HDHP agreement.

**4.2 Plan Entry Date** - Employee's Plan Entry Date will be the first day after meeting the Plan Eligibility requirements in section 4.1. Annual Salary Reduction will begin on the first pay period after eligibility into the Plan (or the date the Company can reasonably make the reduction from the payroll system).

**4.3 HIPAA Portability** - Notwithstanding any other provisions in Section 4, any Employee considered eligible under the Health Insurance Portability and Accountability Act of 1996 shall be eligible to enroll in the Plan and have a Plan Entry Date determined by the Plan Administrator.

## **Section 5 Plan Participation**

**5.1 - Plan Participation** - Employees become Plan Participants by completing (and signing) the appropriate Enrollment Form and submitting it to the Plan Administrator prior to the Employee's Plan Entry Date (or within thirty (30) working days after the Employee's Plan Entry Date if the Plan Entry Date is immediate upon hire, rehire, return from FMLA leave or return from military service covered by USERRA). The Enrollment Form shall include the elected Annual Salary Reduction Agreement authorizing the Employer to withhold the designated amount from the Participant's compensation. Prior to the first day of any new Plan Year, Employees must submit a completed Enrollment Form designating a Salary Reduction Amount for the new Plan Year. If the Employee does not submit a completed Enrollment Form in the time frame explained above, he will be ineligible until the next Plan Year to enroll in the Plan.

**5.2 Term of Participation** - Employees meeting the Plan Participation requirements shall remain covered by the Plan until the earliest of the following

- a) The last day of the Plan Year;
- b) The day after the death of the Employee;
- c) The day of separation of employment (voluntary or involuntary);
- d) The day the Participant ceases to be an Eligible Employee;
- e) The first day of a new Plan Year whereby Plan Participation requirements are not met;
- f) The day the Participant who experienced a Change in Life Status revokes participation under the Plan;
- g) The day the Participant ceases to be covered by the Component Plan(s);
- h) The day the Participant fails to make a contribution (unless the Participant is on an unpaid FMLA Leave and the Employer has elected to apply Section 6.5(c)); or
- i) The day the City of Mandan Premium Reduction Plan terminates.

## **Section 6 Plan Contributions**

**6.1 Plan Contributions** - Participants agree to reduce their annual salary (through a Salary Reduction Agreement found on the Enrollment Form) by a specified amount to pay for their portion of premiums for Component Plans in which they enroll. The Employer shall inform the Employees of the Plan Contributions (or Benefit Costs) necessary to enroll in the premium-based Component Plan(s) prior to the Effective Date of the Plan (or the Participant's Entry Date for Employees enrolling at times other than the first day of the Plan Year). Provided the Component Plan premiums remain constant, the Employer agrees to fund the remaining balance of premiums (represented by the total premium cost less the Participant's contribution) due to the carriers.

Participant Plan Contributions will be credited into the Participant's Benefit Account in equal amounts throughout the Plan Year, subject to the Participant's termination of coverage.

**6.2 Funding the Plan** - All amounts payable under the Plan shall be paid from the general assets of City of Mandan. No Participant (or other person) shall have any claim against, right to, or interest in any fund, account or asset of the Employer

from which Plan payments are made.

**6.3 Change in Insurance Premium** - If during a Plan Year, any of the Component Plans increase or decrease premiums, Participant's Plan Contributions will automatically be altered by the Employer to an amount associated with the premium change. In the event of a premium increase or significant change in elected coverage within the meaning of Code Section 125 and regulations issued there under, Participant may modify his Annual Salary Reduction in a manner consistent with Section 7.1. The Plan Administrator shall make the determination as to whether the change represents a "significant" change.

**6.4 Revocation/Modification of Plan Contributions** - After the Participant's Plan Entry Date, Participants shall not be allowed to revoke or modify their Plan Contributions unless one or more of the following occurs during the Plan Year.

- a) The Employee, his spouse or his Dependent experiences a Change in Life Status;
- b) An increase in the premium or a significant change in the coverage under a Component Plan or a plan covered the Employee, his spouse or his Dependent;
- c) If the Company adds, removes or experiences a change in premium costs of a Component Plan;
- d) Prior to the Participant's Plan Entry Date, the Participant shall be eligible to revoke or modify Plan Contributions;
- e) Employees enrolled in the HSA may increase, decrease or revoke Contributions at anytime; or
- f) For non-calendar Plan Year's beginning in 2013, Employees may revoke or start his/her Contribution towards a Plan Component a maximum of one time per Plan Year (known as the "transition rule").

Any change to Plan Contributions requires the Participant to complete a new Enrollment Form and Salary Reduction Agreement.

**6.5 Nonstandard Plan Contributions** - If Participants who are entitled to continuation coverage under a Component Plan are absent from employment on account of military services covered by USERRA or take an unpaid leave of absence under FMLA, they shall be able to revoke or modify Plan Contributions. Participants may elect to continue in the Plan to the extent permitted under the Component Plans, provided the appropriate regulation criteria are met and contributions are made in one of the following methods. Participant Plan Contributions may change to accommodate any Plan Contributions being made by the Employer (plus applicable administration fees).

- a) Prepayment Method - Participants may prepay Plan Contributions. The Employer shall not make prepayments mandatory for the Participant to remain in the Plan.
- b) Pay-As-You-Go Method - The Employer shall allow Participants to make Plan Contributions on a monthly basis or in an agreed upon (and written) voluntary scheduled method between the Participant and the Plan Administrator.
- c) Catch-Up Method - For Participants taking a FMLA leave of absence, the Employer may make Plan Contributions for the Participant and recoup them upon the Participant's return to work in accordance with the applicable regulations under Code Section 125.

**6.6 Nondiscrimination** - The Plan shall not discriminate in favor of Highly Compensated Individuals as to eligibility or Highly Compensated Participants as to contributions and benefits under the Plan. In addition, the Plan shall not provide Key Employees over twenty-five percent (25%) of the total annual benefits provided by the Plan. The Plan Administrator may exclude Highly Compensated Individuals, Highly Compensated Participants or Key Employees from participation in the Plan, limit the Plan Contributions made by such employees or other such actions to maintain the integrity of the Plan.

**6.6 Excess Plan Contributions** - In the event Participants over-estimates Plan Contributions (by having Plan Contribution greater than Benefits received) and do not experience a Change in Life Status, each Participant shall forfeit his Excess Plan Contributions. The Plan Administrator shall utilize such funds for Plan administration expenses. If Excess Plan Contributions still remain after paying Plan administration expenses, the Plan Administrator shall utilize funds (in compliance with the Code) to benefit all Participants, equally and uniformly.

## **Section 7 Change in Life Status**

**7.1 Change in Election** - A Participant may change his annual Salary Reduction Amount during a Plan Year if the Employee or enrolled Dependent experiences a Change in Life Status or the plan covering him experiences an increase in premium or a

significant change in coverage. If one (or more) of those events occur, the Participant (or Dependent) may revoke or alter their Annual Salary Reduction Amount by completing a Change in Life Status Form and submitting it to the Plan Administrator within a timely fashion. One or more of the following events constitutes a Change in Life Status:

- a) Employee gets married, divorced, legally separated or his marriage is annulled
- b) Adoption, birth or death of a Dependent child;
- c) Death of the Employee or his spouse;
- d) Employee, spouse or Dependent becomes newly employed or unemployed;
- e) Employee, spouse or Dependent's employment goes from part-time to full-time or full-time to part-time;
- f) Dependent child becomes (or ceases to be) an eligible "Dependent" under a Component Plan;
- g) Employee or spouse has a judgment, decree or order resulting from a divorce, legal separation, annulment or custody change regarding health coverage of a child. Any Qualified Medical Child Support Order (QMCSO) must state the recipient covered by the order and which Component Plan;
- h) A significant change in the spouse's or Dependent's health care coverage attributable to the spouse's or Dependent's employment;
- i) Any change between an hourly paid and a salaried position or between a non-bargaining unit position and a bargaining unit position;
- j) An Employee's, spouse's or Dependent's move to a work location outside the service area of the Component Plan in which the Employee was enrolled prior to the move;
- k) A change in the spouse's or Dependent's employment status including a change attributable to a strike or lockout, or the commencement of or return from an unpaid leave of absence;
- l) Employee's hours are reduced to under 30 (on the average) per week and is still eligible for the group plan;
- m) Revocation Due to Enrollment in a Qualified Health Plan (QHP);
- n) Employee, spouse or Dependent becomes entitled to Medicare; or
- o) During Open Enrollment, Employees may change his/her elections for the new Plan Year.

Any change in an Employee's existing election must be consistent with the Change in Life Status or increase in premium or change in coverage (referred to as the "general consistency requirement."). A change in election must be made no later than thirty (30) days after the date of the Change in Life Status. The Plan Administrator shall determine whether a Change in Life Status has occurred and whether a Participant's change in coverage is consistent with such Change in Life Status.

## **Section 8**

### **Plan Administration**

**8.1 Plan Administrator** - The Plan Administrator shall be responsible for the administration of the Plan having all rights, powers and duties as set forth in the Plan. The Plan Administrator may delegate any of its duties under this Plan.

**8.2 Plan Administration** - The following describes the administration duties (but not limited in scope) of the Plan Administrator.

- a) Determine Participant Plan Contribution Amounts on an annual basis (or upon a premium change or significant change in coverage);
- b) Distribute Plan Communications (i.e. Plan Document Summaries, Enrollment Forms, Plan Change/Law Changes and/or other material related to the Plan) to Employees and Participants;
- c) To interpret the Plan in its discretion including resolving claim ambiguities, inconsistencies or omissions. The determination of the Plan Administrator shall be binding and conclusive upon all Participants.
- d) The Plan Administrator is hereby authorized and empowered, in its sole and absolute discretion, to promulgate any uniform rules, regulations and schedules of general applicability and to adopt such forms as the Plan Administrator deems necessary in order to carry out the purpose of the Plan;
- e) Review Plan testing to determine if the Plan favors Highly Compensated Individuals, Participants or Key Employees; and
- f) To hire any agent, accountant, attorney or other qualified individual to assist with the interpretation of the Plan and/or assist with the proper administration. Fees for these services shall be paid by the Employer or with Excess Plan Contributions.

**8.3 Denial of Benefits** - Claims under the Plan shall be filed in writing with the Plan Administrator. Claims must be submitted within a 3 month period following the end of the Plan Year in which the event occurred. Claims submitted more than 3 months after the end of the Plan Year (or end of the grace period, if any) in which the event giving rise to the claim occurred shall be deemed untimely.

If benefits are denied under the Plan, Participants may submit (in writing) a description of the situation to the Plan Administrator for review. The Plan Administrator shall submit in writing, within sixty (60) days upon receipt of the claim, a decision as to whether benefits will be provided or denied. The Plan Administrator's explanation as to why benefits were denied may reference Sections of this Plan Document and other related material.

If benefits are denied, the Participant may request from the Administrator (in writing) within sixty days, a full and fair review of their claim. (If special circumstances apply, the Plan Administrator may extend the sixty day request). Upon receipt, the Plan Administrator shall establish a hearing date. At that time, the Plan Administrator shall hear the Participant's claim followed by rendering a decision. This judgment shall be construed as the final decision and binding for both parties. The Member Committee's decision shall be in writing and sent to the Employee within sixty days of the hearing. All rulings shall apply uniformly to similarly situated Participants and not discriminate in any fashion.

Claims relating to benefits provided by a Component Plan shall not constitute claims under this Plan. Such claims shall be filed and processed in accordance with the claims procedure and claims review procedures set forth in such Component Plan.

**8.4 Indemnity** - The Employer shall agree to indemnify and hold harmless (to the extent permitted by law) any employed, hired, contracted individual or software provider to assist with the implementation and administration of the Plan. In addition, the Employer agrees to pay for any costs of defense or other legal fees.

**8.5 Effect of Administrative Mistake** - If a mistake is made in regards to Eligibility, Participation, payments, benefits paid or any other procedure that jeopardizes the validity of the Plan, the Plan Administrator will take the necessary action (while maintaining Section 125 compliance) to attempt to correct the mistake.

**8.6 Limited Employer Involvement** - Employees enrolled and making contributions towards an HSA will be responsible for selecting the HSA custodian/trustee which administers all aspects of the HSA. The Employer is limited to collecting pre-tax salary reductions and forwarding of Contributions.

## **Section 9 Miscellaneous**

**9.1 Amendment and Termination** - The Employer may amend the Plan at anytime, retroactively if necessary, to maintain the Plan's compliance under the Code, its amendments or other regulations affecting the Plan. The Employer may also terminate the Plan at anytime, provided that no amendment, suspension or termination of the Plan may be made which would reduce or eliminate any accrued benefits (arising from incurred but unpaid claims) of Participants or their covered Dependents existing prior to the effective date of such termination.

**9.2 No Employment Contract** - The Plan shall not be deemed a contract of employment between the Employer and Participant. The Plan provides benefits to Participants but shall not guarantee or imply a Participant's continued employment. The Employer may terminate employment at anytime regardless of the effect the termination may have on the Participant or the Plan.

**9.3 Nonassignability** - Participants may not assign, sell or transfer benefits of the Plan to another Employee, Participant or any other individual.

**9.4 Facility of Payment** - If the Plan Administrator deems a Participant, spouse or other Dependent incapable of receiving benefits, the Plan Administrator shall direct the Employer to provide benefits to a designated (or at the Plan Administrator's discretion if not designated) individual. Any such facility of payment shall be made in accordance with the terms of the Plan and Code.

**9.5 Required Information** - Participants shall provide the Plan Administrator all information relative to the efficient operation

of the Plan. The Plan Administrator shall not be required to seek or investigate for Participant information that is needed for the correct administration of the Plan. The Plan Administrator shall have the right to request additional information from a Participant or covered Dependent if there are any ambiguities or inconsistencies with a claim or an elected benefit.

**9.6 Assumed Compliance** - The Employer believes that the Plan is in compliance with the Code and other related legislation or court decisions. The Plan has not been submitted to the governing bodies for approval, therefore shall not guarantee the Participant's reduced tax liability. Participants enrolling in the Plan shall assume any tax consequences upon the Plan being deemed invalid or in noncompliance. If the Plan is deemed invalid or in noncompliance, the Employer shall either terminate the Plan or take the appropriate actions to regain compliance.

**9.7 Plan Funds** - The Employer shall not utilize or divert Participant Contributions for purposes other than the intended use of the benefits described under the Plan. Excess Plan Contributions may be used for general Plan administrative expenses but cannot be used to reimburse a Participant without a substantiated claim. Excess Plan Contributions shall remain part of the Plan and managed in a manner that benefits all Participants of the Plan.

**9.8 Severability** - If any provision under the Plan is deemed invalid or in noncompliance with the Code, it shall not affect the remaining provisions and the Plan shall continue as if the invalid provision was never part of the Plan.

**9.9 Certain Conflicts** - Notwithstanding any other provision of this Plan, to the extent any provision herein conflicts with any provision set forth in a Component Plan, the provision of such plan will control.

**9.10 Construction** - The masculine gender, where appearing in the Plan, shall include the feminine gender, and vice versa, and the singular may include the plural, unless the context clearly indicates to the contrary. The term "delivered to the Plan Administrator," as used in the Plan, shall include delivery to a person or persons designated by the Plan Administrator for the disbursement and receipt of administrative forms. Delivery shall be deemed to have occurred only when the form or other communication is actually received. Headings and subheadings are for the purpose of reference only and are not to be considered in the construction of the Plan.

**9.11 Applicable Laws** - The Plan shall be construed and enforced according to the laws of the State of North Dakota to the extent not preempted by Federal law.

## **Section 10 Adoption of the Plan**

**10.1 Adoption of the Plan** - The City of Mandan Premium Reduction Plan is adopted by City of Mandan for the purpose as stated in Section 2.1 to be effective 01/01/2016 and provide benefits to Eligible Employees in a nondiscriminatory manner. This document is executed at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Authorized Employer Representative's Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

Witnessed By:

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Print Name

11.1

**TABLE I. – IRS UNIFORM PREMIUMS  
FOR \$1,000 OF GROUP-TERM LIFE  
INSURANCE PROTECTION**

Monthly cost per \$1,000 of life insurance benefit

Under 25 . . . . .	\$0.05
25 to 29 . . . . .	.06
30 to 34 . . . . .	.08
35 to 39 . . . . .	.09
40 to 44 . . . . .	.10
45 to 49 . . . . .	.15
50 to 54 . . . . .	.23
55 to 59 . . . . .	.43
60 to 64 . . . . .	.66
65 to 69 . . . . .	1.27
70 and above . . . . .	2.06

\* \* \* \* \*

11.2

**TABLE 2 - HEALTH SAVINGS ACCOUNT MAXIMUMS  
(Maximum Allowable Contributions Per Year Per Coverage Type)**

<u>Year</u>	<u>Single</u>	<u>Family</u>	<u>Catch-up</u>
2005	\$2,650	\$5,250	\$600
2006	2,700	5,450	700
2007	2,850	5,650	800
2008	2,900	5,800	900
2009	3,000	5,950	1,000
2010	3,050	6,150	1,000
2011	3,050	6,150	1,000
2012	3,100	6,250	1,000
2013	3,250	6,450	1,000
2014	3,300	6,550	1,000
2015	3,350	6,650	1,000
2016	3,350	6,750	1,000

\* \* \* \* \*

## 12.0 Amendments