



CAFETERIA PLAN
NOTICE REGARDING AUTOMATIC ENROLLMENT PROCEDURES

1. General explanation of automatic enrollment procedure.

The Eaton Regional Education Service Agency (the “District”) offers its Employees coverage under certain medical insurance plans. Under the terms of your employment with the District, you are responsible to contribute a portion of the premiums for medical insurance coverage that you elect to receive. Under the Eaton RESA Cafeteria Plan (the “Plan”), you may participate in a Premium Conversion Benefit under which your Compensation each pay period will be reduced to pay your contribution in the amount which, when added to the District’s portion, is required for the premium for your coverage. Funds derived by reducing your Compensation will be credited to an account maintained for you under the Plan. Premiums will be paid from your account as required by the terms of the medical insurance plan. Amounts credited to your account may only be used to pay medical insurance premiums, and any amount credited to your account within a Plan Year that is not used for that purpose before the end of that Plan Year is forfeited.

If (i) you are a new Employee of the District and you are considering enrolling in one of the medical insurance plans offered by the District, (ii) you are a current Employee and you are currently enrolled in medical insurance coverage, or (iii) you are a current Employee and you do not currently participate in a medical insurance plan, but you are considering enrolling in medical coverage for the next Plan Year, then under the Eaton RESA Cafeteria Plan (the “Plan”), you will be automatically enrolled in the Premium Conversion Benefit under the Plan, and your Compensation will be **reduced on a pre-tax basis** to pay for your portion of the cost of the medical insurance coverage that you select. Under the procedures described in this Notice, you may affirmatively elect not to participate in the Premium Conversion Benefit for a Plan Year.

This benefit under the Plan will be implemented immediately for all Employees who become eligible to participate in the Employer’s medical insurance coverage after January 1, 2016. This benefit will be implemented for Plan Years beginning on and after January 1, 2017 for Employees who are participating in the Employer’s medical insurance coverage as of January 1, 2017.

2. Right to decline coverage.

If you do not decline coverage under the Plan's Premium Conversion Benefit, your Compensation will be **reduced on a pre-tax basis** to pay for your portion of the cost of the medical insurance coverage that you select for the Plan Year. However, you have the right to affirmatively elect **not to participate** in the Premium Conversion Benefit for a Plan Year. If you decline to participate in the Premium Conversion Benefit, then the reduction in your Compensation to pay for your portion of the cost of your medical insurance coverage will be **on an after-tax basis**. Please note: The amount of reductions may be administratively adjusted on a reasonable basis to reflect changes to insurance premium rates that occur during the Plan Year.

3. Salary reduction amounts for coverage options.

New Employees: Attached to this Notice is a schedule showing the salary reduction amounts per pay period that would be applicable to you for each of the medical coverage options that are available to you. Therefore, find the coverage option on the schedule that you are considering. Under the Plan's Premium Conversion Benefit, the amount shown next to the option will automatically be reduced from each of your paychecks for the remainder of the current Plan Year, on a pre-tax basis, to pay your portion of the premium required to provide the coverage. However, if you elect to decline automatic enrollment under the Plan's Premium Conversion Benefit, the amount shown next to the option will be included in the gross amount of each paycheck, subject to applicable tax withholding, and the amount required to pay your portion of the cost for your health and insurance coverage will be deducted from your Compensation, after taxes. If you do not decline automatic enrollment in the Premium Conversion Benefit at this time, then your next opportunity to do so will be during the Open Enrollment Period preceding the next Plan Year. Please note: The amount of reductions may be administratively adjusted on a reasonable basis to reflect changes to insurance premium rates that occur during the Plan Year.

Current Employees who are currently participating in a medical insurance plan: Attached to this Notice is a statement of the salary reduction amount per pay period that will be applicable to you in the next Plan Year for the medical coverage in which you are enrolled. The amount shown in the statement will be reduced from each of your paychecks during the Plan Year, on a pre-tax basis, to pay your portion of the premium required to provide the coverage. However, if you elect to decline automatic enrollment under the Plan's Premium Conversion Benefit for the next Plan Year, the amount shown next to the option will be included in the gross amount of each paycheck, subject to applicable tax withholding, and the amount required to pay your portion of the cost for your health and insurance coverage will be deducted from your Compensation, after taxes. If you do not decline automatic enrollment in the Premium Conversion Benefit at this time, then your next opportunity to do so will be during the Open Enrollment Period preceding the next Plan Year. Please note: The amount of reductions may be administratively adjusted on a reasonable basis to reflect changes to insurance premium rates that occur during the Plan Year.

Current Employees who are not currently participating in a medical insurance plan: Attached to this Notice is a schedule showing the salary reduction amounts per pay period that would be applicable to you for each of the medical coverage options that are available to you. Therefore, find the coverage option on the schedule that you are considering. Under the Plan's Premium Conversion Benefit, the amount shown next to the option will automatically be reduced from each of your paychecks for the remainder of the current Plan Year, on a pre-tax basis, to pay your portion of the premium required to provide the coverage. However, if you elect to decline automatic enrollment under the Plan's Premium Conversion Benefit, the amount shown next to the option will be included in the gross amount of each paycheck, subject to applicable tax withholding, and the amount required to pay your portion of the cost for your health and insurance coverage will be deducted from your Compensation, after taxes. If you do not decline automatic enrollment in the Premium Conversion Benefit at this time, then your next opportunity to do so will be during the Open Enrollment Period preceding the next Plan Year. Please note: The amount of reductions may be administratively adjusted on a reasonable basis to reflect changes to insurance premium rates that occur during the Plan Year.

4. Procedure for exercising right to decline coverage.

New Employees: Complete the Election to Decline Premium Conversion Benefit form that is attached to this Notice and submit it to the Plan's Administrator along with your medical insurance selection paperwork.

Current Employees: Complete the Election to Decline Premium Conversion Benefit form that is attached to this Notice and submit it to the Plan's Administrator during the Election Period to which the Election relates.

5. Time within which election to decline coverage must be submitted.

New Employees: The election to decline coverage under the Plan's Premium Conversion Benefit must be submitted to the Plan's Administrator on the attached form at the time that you submit your paperwork for selecting your medical insurance coverage.

Current Employees: The election to decline coverage under the Plan's Premium Conversion Benefit must be submitted during the relevant Election Period for the Plan Year to which the election to decline will apply.

6. Period of time that election to decline coverage will be effective.

The election to decline coverage under the Plan's Premium Conversion Benefit will apply to the Plan Year for which, or within which, the election is made.



CAFETERIA PLAN
ELECTION TO DECLINE PREMIUM CONVERSION BENEFIT

Employee's Name: _____

Employee's Address: _____

Employee's Social Security Number: _____

I hereby elect not to participate in the Premium Conversion Benefit under the Eaton RESA Cafeteria Plan (the "Plan") during the Plan Year beginning January 1, 20 _____. Further, I hereby acknowledge: that I received a copy of the Notice Regarding Automatic Enrollment Procedures; that I have received a copy of the Summary Plan Description; that I either received, or had an opportunity to receive, a copy of the Plan; that I have read the Notice Regarding Automatic Enrollment Procedures; and, that by signing this Election I am voluntarily electing not to participate in the Premium Conversion Benefit under the Plan. I understand that amounts necessary to pay my portion of the premiums for the medical coverage that I have elected to receive under the District's medical insurance plans shall be deducted from my Compensation on an after-tax basis.

Participant's Signature:

Dated: _____

Administrator's Acknowledgement:

Received by: _____

Date Received: _____