**Premium-Only Plan**

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**ADOPTION AGREEMENT**

**PREMIUM-ONLY PLAN**

The undersigned plan sponsor hereby adopts this Plan. The Plan is intended to qualify as a cafeteria plan under Code section 125. The Plan shall consist of this Adoption Agreement, Plan Document #101 and any related Appendices and Addenda to this Adoption Agreement. Unless otherwise indicated, all Section references are to Sections of Plan Document #101.

**COMPANY INFORMATION**

**1.** Name of adopting employer (Plan Sponsor):

**2.** Address:

**3.** City:

**4.** State: Michigan

**5.** Zip:

**6.** Phone number:

**7.** Fax number:

**8.** Plan Sponsor EIN:

**9.** Plan Sponsor fiscal year end (MM/DD):

**10.** Entity Type:

**a.** Plan Sponsor entity type:

 If "Union” is selected, enter name of the representative of the parties who established or maintain the Plan:

**11.** State of organization of Plan Sponsor: Michigan

***NOTE:*** *If state law requires written document language regarding benefits herein, add language to Addendum.*

**PLAN INFORMATION**

**A. GENERAL INFORMATION AND DEFINITIONS**

**1. Plan Number:** 510

**2. Plan Name:**

**a.** Premium-Only Plan

**3. Effective Date (MM/DD/YYYY):**

**a.** **[ ]**  Restatement of a previously-adopted plan?

**b.** Effective date of Plan restatement:       ("Restatement Date")

**4. Plan Year**

**a.** Plan Years mean each 12-consecutive month period ending on       (e.g. 12/31 in MM/DD format). If the Plan Year changes, any special provisions regarding a short Plan Year shall be placed in the Addendum to the Adoption Agreement.

**b.** [ ]  The Plan has a short plan year. The short plan year begins (MM/DD/YYYY)       and ends on (MM/DD/YYYY)      .

**B. ELIGIBILITY**

**Eligible Employees** - In addition to meeting the eligibility requirements under the applicable insurance contract Employees must also meet the following requirements:

**1.** Minimum age requirement for an Employee to become an Eligible Employee: .

**2a.** An Employee must complete the following service requirements to become an Eligible Employee on the date set forth in B.2b:  Number (if not None):

***NOTE:*** *If the Plan is a simple cafeteria plan under Article 12, B.2 may not exceed 1,000 hours of service or one year of service.*

**2b.** Effective Date of Eligibility. An Employee will become an Eligible Employee on the date below upon completing the age and service requirements in B.1 and B.2a:

**2c.** If eligibility is not immediate after meeting age and service requirements, an Employee shall become an Eligible Employee on the Eligibility Date in B.2b that is:

**3.** Describe any modifications to the eligibility rules specified in B.1 and B.2: 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 Plan(s) described in D.1

**Excluded Employees**

**4.** The term "Eligible Employee" shall:

**a.**  **Union Employees.** 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 between employee representatives and the Employer, and if the collective bargaining agreement does not provide for participation in this Plan.

**b.**  **Leased Employees.**

**c.**  **Non-Resident Aliens.** Any Employee who is a non-resident alien described in Code section 410(b)(3)(C).

**d.**  **Part-time Employees.** Any Employee who is expected to work fewer than       hours per week.

**e.**  **Other.**       (any exclusion must satisfy Code section 125(g) and Prop. Reg. sec. 1.125-7(f)).

**5.** Describe any modifications to the definition of the term "Eligible Employee" for the specified Plan Benefit:

**Leave of Absence**

**6.** If a Participant takes an unpaid leave of absence under FMLA, the Participant may elect the following:

**a.**  cease contributions under the Plan, which will be reinstated under the same terms upon the Participant's return from the FMLA leave of absence.

**b.**  pre-pay, prior to commencement of the FMLA leave of absence period, the contributions due for the FMLA leave of absence period.

**c.**  contribute on the same schedule as payments would have been made if the Participant were not on a leave of absence or if contributions were being made under COBRA.

**d.**  to the extent agreed in advance, the Participant will repay amounts advanced by the Employer to the Plan on behalf of the Participant upon the Participant's return from the FMLA leave of absence.

***NOTE:*** *B.6b may only be elected together with B.6c or B.6d.*

***NOTE:*** *B.6c must be elected if available for non-FMLA leave of absence.*

***NOTE:*** *B.6d may only be elected together with B.6b or B.6c unless it is the only option available to Participants on a non-FMLA leave of absence.*

**7.**  If B.6a is selected, the Employer may recover the Participant's suspended contributions when the Participant returns to work from the FMLA leave of absence.

**8.**  A Participant may elect to continue coverage under the Plan when on unpaid non-FMLA leave of absence.

**Termination of Participation**

**9.** If a Participant remains an Employee but is no longer an Eligible Employee, his or her participation in the Plan shall terminate:

If “Other”:

**Reemployment**

**10.** If an Eligible Employee has a Termination of Employment and is subsequently reemployed by the Employer as an Eligible Employee within 30 days after Termination:

**11.** If an Eligible Employee has a Termination of Employment and is subsequently reemployed by the Employer as an Eligible Employee more than 30 days after Termination:

**C. PARTICIPATION ELECTIONS**

**Failure to Elect (Default Elections)**

**1.**  Prior Plan Year elections will automatically apply to the applicable Plan Year, in the now-applicable amounts:

**Change in Status**

**2.** An Eligible Employee may change his or her election upon the following Change in Status events:

If “Pursuant to Plan Administrator written procedures,” those procedures must be added to the Addendum

If “Other”:

**D. PREMIUM CONVERSION ACCOUNT**

**1.** Select the types of Contracts with respect to which a Participant may contribute under the Plan:

**a.**  Employer Group Medical

**b.**  Employer Group Dental

**c.**  Employer Group Vision

**d.**  Employer Short-Term Disability

**e.**  Employer Long-Term Disability

**f.** Employer Group Term Life Insurance (up to $50,000 of coverage)

**g.**  Employer Accidental Death & Dismemberment

**h.**  COBRA continuation coverage under the Employer group health plan

**Automatic Enrollment**

**2.**  All Employees will automatically be enrolled in the Premium Conversion Account upon their date of hire and will be deemed to have elected to contribute the entire amount of any premiums payable by the Employee during the Plan Year for participation in Employer-sponsored Plan(s)/Contract(s).

***NOTE:*** *If D.2 is not selected, Eligible Employees may only elect to participate in the Premium Conversion Account pursuant to Section 4.01(c) and Section 4.02 of the Plan.*

**Contributions**

**3.**  Participant elections will be automatically adjusted for changes in the cost of Employer-sponsored Plan(s)/Contract(s) pursuant to the terms of Treas. Reg. 1.125-4.

**E. MISCELLANEOUS**

**Plan Administrator Information**

**1. Plan Administrator:**

If “Other”:

**2. Indemnification.** Type of indemnification for the Plan Administrator:

If Custom is selected, indemnification for the Plan Administrator is provided pursuant to an Addendum to the Adoption Agreement.

**3. Governing Law.** The following state's law shall govern the terms of the Plan to the extent not pre-empted by Federal law: Michigan

**SECTION 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 Plan Document #101 and any related Appendix and Addendum to this Adoption Agreement.

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

 :

Signature:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print Name:

Title/Position:

**Premium-Only Plan**

**Benefit Summary**

**June 4, 2020**

*Prepared by:*

Kushner & Company

2427 West Centre Avenue

Portage, MI 49024

**Benefit Summary**

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**INTRODUCTION**

 (the "Company") established the Premium-Only Plan (the "Plan") effective . The Plan is a cafeteria plan that is intended to qualify as a premium-only plan within the meaning of Code section 125 and the guidance issued thereunder providing for the pre-tax payment of premiums for accident and health insurance.

Although the purpose of this document is to summarize the more significant provisions of the Plan, it is only a summary -- the terms of the plan document ultimately govern the operation and administration of the Plan. The Company and any Company who has adopted the Plan is referred to in this document as the "Company."

**ELIGIBILITY**

You are an "Eligible Employee" if you are an employee of Company or any affiliate who has adopted the Plan and you are eligible for the applicable coverage. However, you are not an "Eligible Employee" if you are any of the following:

A self-employed individual (including a partner), or a person who owns (or is deemed to own) more than 2 percent of the outstanding stock of an S corporation.

Additional modifications to Premium Conversion Account eligibility include:

An Eligible Employee shall become eligible to become a Participant in this Plan on the same date as he or she becomes eligible to participate in the Plan(s)/Contract(s) described in the Premium Conversion Account section of this document.

**TERMINATION OF PARTICIPATION**

Participation in this Premium-Only Plan will terminate at the same time it terminates in the Plan(s)/Contract(s) described in the Premium Conversion Account section of this document.

If a Participant remains an Employee but is no longer an Eligible Employee, his or her participation in the Plan shall terminate: [Must select one]

**RE-EMPLOYMENT**

If an Eligible Employee has a Termination of Employment and is subsequently reemployed by the Employer as an Eligible Employee within 30 days after Termination: [Must select one].

If an Eligible Employee has a Termination of Employment and is subsequently reemployed by the Employer as an Eligible Employee more than 30 days after Termination: [Must select one]

**ELECTION PROCEDURES**

You may elect to participate in the Benefits under the Plan no later than 30 days after the date you become eligible to participate in the Plan (or a shorter period if established by the Plan Administrator).

If you do not enroll in the Plan when you are newly eligible, you may enroll during the enrollment period established by the Plan Administrator. Your election will be effective as of the first day of the Plan Year following the enrollment period.

You may also enroll in the Plan upon a change in status event, if allowed by this Plan, as described below.

To enroll in the Plan, you must submit a completed election form to the Plan Administrator on or before the date specified by the Plan Administrator.

If you have not previously been eligible to make an election and as of the start of a Plan Year you have not submitted a completed election form by its due date you will not be enrolled in this plan for that Plan Year.

If, as of the start of a Plan Year, you have not submitted a completed election form by its due date, you will be deemed to have elected to participate in the Plan for that Plan Year.

**Modification of Elections**

You may not change your election during a Plan Year unless you experience a change in status. Your change in election must be on account of and correspond with a change in status that affects your eligibility for coverage under the Plan. You may be allowed to change [Must select one].

A brief listing of events that constitute a change in status follows. Please note that there are several conditions and/or limitations that apply to the events listed below. Please contact the Plan Administrator if you have any questions or believe that you may qualify for an election change.

Depending on the Benefit, a "change in status" includes any of the following that is directly related to your benefit election:

* Change in your marital status;
* Change in the number of your dependents;
* Change in your employment status or the employment status of your spouse or dependents;
* Your dependent satisfies or ceases to satisfy eligibility requirements;
* Change in your place of residence;
* Commencement or termination of an adoption proceeding;
* Court judgment, decree, or order;
* Significant cost or other coverage changes;
* You change coverage under another cafeteria plan;
* You take leave under the FMLA;
* You lose coverage under the group health plan due to a reduction in hours;
* You are eligible to enroll in a qualified health plan through the Marketplace.

An election to participate in the Plan is generally irrevocable for the Plan Year.

**PREMIUM CONVERSION ACCOUNT**

The Plan will establish a Premium Conversion Account in your name when you become an Employee for the payment of premiums under the Company-sponsored benefit plan(s)/contract(s) listed below unless you affirmatively elect to not participate in the Plan.

Your Premium Conversion Account will be credited with amounts withheld from your compensation. The amount of the contribution to your Premium Conversion Account is equal to the amount of your portion of the premium due for the following benefit plan(s)/contract(s):

Your contributions to the Plan are not subject to federal income tax or Social Security taxes. Please note that while you may enjoy certain tax benefits, there may be some drawbacks to participation in the Plan. For instance, participation in the Plan may lower your Social Security benefits. You should consult with your professional tax/financial advisor to determine the consequences of your participation in this Plan.

If you are a highly paid employee or an owner of your Company, federal law may impose limits on your eligibility to participate in the Plan and/or the benefits you may receive from the Plan. If the Plan Administrator determines that the Plan may fail to satisfy any nondiscrimination requirement or any limitation imposed by the Code, the Plan Administrator may modify your election in order to assure compliance with such requirements or limitations.

If you affirmatively elect not to participate in the Premium Conversion Account for a Plan Year, you will not be enrolled unless and until you elect to participate in the Premium Conversion Account as described in the "Election Procedures" above.

In the event of a conflict between the terms of this Plan and the terms of the applicable plan/contract, the terms of the plan/contract (or the benefit plan under which it is established) will control.

**CLAIMS PROCEDURES**

Your premium contribution elections will be automatically applied towards the premiums you owe for participation in the underlying plan(s)/contract(s).

Any claim for benefits must include all information and evidence that the Plan Administrator deems necessary to properly evaluate the merits of the claim. The Plan Administrator may request any additional information necessary to evaluate the claim.

*Benefits Provided under Plans/Contracts.* Please see the underlying plans/contracts for claims and reimbursement rules under those contracts.

**MISCELLANEOUS**

**FMLA**

If you go on unpaid leave that qualifies as family leave under the Family and Medical Leave Act you may be able to continue receiving health care benefits. In order to do so, you would need to choose how to make your premium contributions while on an FMLA leave from the following:

**Excess Payments/Reimbursements**

If you receive an excess benefit or payment under the Plan, you must immediately repay any such excess payments/reimbursements. You must also reimburse the Company for any liability the Company may incur for making such payments, including but not limited to, failure to withhold or pay payroll or withholding taxes from such payments or reimbursements. If you fail to timely repay an excess amount and/or make adequate indemnification, the Plan Administrator may: (i) to the extent permitted by applicable law, offset your salary or wages, and/or (ii) offset other benefits payable to you under this Plan.

**Qualified Medical Child Support Orders**

In certain circumstances you may be able to change your election under the Plan if the Plan receives a Qualified Medical Child Support Order (QMCSO). You may obtain a copy of the QMCSO procedures from the Plan Administrator, free of charge.

**Loss of Benefit**

You may lose all or part of your Account(s) under the Plan if the unused balance is forfeited at the end of a Plan Year or if we cannot locate you when your benefit becomes payable to you.

**Non-Alienation of Benefits**

You may not alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which you may expect to receive, contingently or otherwise, under the Plan.

**Amendment and Termination of the Plan**

The Company may amend or terminate the Plan at any time in its sole discretion.

**Plan Administrator Discretion**

The Plan Administrator has the authority to make factual determinations, to construe and interpret the provisions of the Plan, to correct defects and resolve ambiguities in the Plan. Any construction, interpretation or application of the Plan by the Plan Administrator is final, conclusive and binding on all persons and parties.

**Taxation**

The Company intends that all benefits provided under the Plan will not be taxable to you under federal tax law. However, the Company does not represent or guarantee that any particular federal, state or local income, payroll, personal property or other tax consequence will result from participation in this Plan. You should consult with your professional tax advisor to determine the tax consequences of your participation in this Plan.

**Governing Law**

The Plan is governed by the laws of Michigan to the extent not pre-empted by Federal law.

**PLAN INFORMATION**

1. The Plan Sponsor and Plan Administrator is .

2. The Plan Sponsor's and Plan Administrator's Address is , , MI .

3. The Plan sponsor's EIN is .

4. The Plan Sponsor and Plan Administrator's phone number is .

5. The Plan is a Premium Only Plan (POP) under section 125 of the Internal Revenue Code

6. The Plan's designated agent for service of legal process is the Plan Sponsor. Any legal papers should be delivered to the Plan Sponsor at the address listed above. However, service may also be made upon the Plan Administrator.

7. The Plan Year is the 12-consecutive month period ending on .

8. Amount contributed by Plan Participants and the Company to the Plan are general assets of the Company. All payments of benefits under the Plan are made solely out of the general assets of the Company. The Company has no obligation to set aside any funds, establish a trust, or segregate any amounts for the purpose of making any benefit payments under this Plan. The Company may, in its sole discretion, set aside funds, establish a trust, or segregate amounts for the purpose of making benefit payments under this Plan.