



# Adoption Agreement

A Cafeteria (IRC Section 125) Plan

## Item 1. Employer Information

Name of Employer(s) Unified School District #261

Plan Administrator Name Haysville USD 261

Employer Address 1745 W Grand  
Street

Haysville KS 67060  
City State Zip

Employer Tax Identification Number 48-0697340

## Item 2. Benefit Plan Options

For the benefit of its employees, the undersigned Employer(s) adopts the Haysville USD 261  
Cafeteria Plan, which includes the following separate benefit plans:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Medical    | <input type="checkbox"/> Group Term Life Insurance Plan                         |
| <input checked="" type="checkbox"/> Dental     | <input checked="" type="checkbox"/> Health Expense Reimbursement Plan           |
| <input checked="" type="checkbox"/> Cancer     | <input checked="" type="checkbox"/> Child and Dependent Care Reimbursement Plan |
| <input checked="" type="checkbox"/> Vision     | <input checked="" type="checkbox"/> Debit Card                                  |
| <input checked="" type="checkbox"/> Disability |   |
| <input type="checkbox"/> Accident              |   |
| <input type="checkbox"/> Hospital Income Plan  |   |

## Item 3. Plan Year

In connection herewith, the Employer makes the following statements and selections for each plan:

- A.  Original effective date of the Plan: 9/1/02  
Month/Day/Year
- B.  The effective date of this Plan amendment shall be: 9/1/10  
Month/Day/Year
- C.  The first Plan Year shall be a short Plan Year beginning on \_\_\_\_\_, 20\_\_\_\_  
and ending on \_\_\_\_\_, 20\_\_\_\_. Subsequent Plan Years are \_\_\_\_\_  
to \_\_\_\_\_.
- D.  The Plan Year is the twelve month period beginning on 9/1, 2010 and  
ending on 8/31, 2011. Subsequent Plan Years will begin and end on the same dates.

#### Item 4. Eligibility Requirements

- A. Employees begin plan participation on the entry date indicated below:
- The first of the month following the date of hire.
  - The first day of the month following completion of eligibility.
  - Other (Unless hired on the first) \_\_\_\_\_
- B. All employees of the Employer shall be eligible to participate in the plan in accordance with the plan document except the following:
- Employees who have not completed \_\_\_\_\_ months of service.
  - Employees who are nonresident aliens and receive no earned income from the employer which constitutes income from sources in the United States.
  - Other Employees working less than 630 hours per year \_\_\_\_\_

#### Item 5. Flexible Spending Accounts

- A. Maximum Annual Elections.
- The maximum amount available to each Participant for the purchase of elected benefits for Flexible Spending Accounts through salary reduction will be:
- The maximum annual election amount available for the Health Expense Reimbursement Plan shall be 3600.00.
  - The maximum annual election amount available for the Dependent Care Assistance Plan shall be 5000.00.
- B. Health Expense Reimbursement Plan.
- The Health Expense Reimbursement Plan, if a component of this Cafeteria (IRC Section 125) Plan, shall include these provisions:
- Eligible health care costs shall include any item defined in Section 213 (d) of the Code except for the following: \_\_\_\_\_
  - The Employer shall reimburse each Participant for eligible health FSA expenses as claims are received unless otherwise indicated as follows: \_\_\_\_\_
  - Revocation or change of the benefit amount during the plan year shall be limited to those events authorized by the Internal Revenue Service, not including the following: \_\_\_\_\_
- C. Grace Periods for Health Expense Reimbursement Plans.
- IRS Notice 2005-42 allows Employer's to offer up to a two and one-half month extension, which immediately follows the end of the Plan Year. Unused benefits or contributions of employees may be paid or reimbursed to plan participants for qualified health expense benefits incurred during the specified grace period.
- Grace Period Declined
  - Grace Period Elected
- The Grace Period extension for health expense benefits beginning on 9/1 \_\_\_\_\_, 20 11 \_\_\_\_\_, and ending on 11/15 \_\_\_\_\_, 20 11 \_\_\_\_\_. Subsequent Plan Years will begin and end on the same dates.

D. Child and Dependent Care Reimbursement Plan.

The Child and Dependent Care Reimbursement Plan, if a component of this Cafeteria (IRC Section 125) Plan, shall include the following provision:

The Employer shall reimburse each Participant for eligible dependent care expenses as claims are received unless otherwise indicated as follows: \_\_\_\_\_.

E. The Health Expense Reimbursement Plan and the Child and Dependent Care Reimbursement Plan, if components of this Cafeteria (IRC Section 125) Plan, shall include these following provisions:

Active participants, terminated participants in the Child and Dependent Care Reimbursement Plan, and terminated participants (and their eligible dependents) in the Health Expense Reimbursement Plan who have elected extended coverage under COBRA, shall have 90 days following the end of the plan year to submit claims for respective reimbursable expenses incurred within the plan year.

Terminated participants in the Health Expense Reimbursement Plan who have elected not to extend their coverage under COBRA, shall have 90 days from the end of the plan year to submit claims for reimbursable expenses incurred during their period of coverage in the plan year.

**Employer Agreement and Signature**

The Plan shall be construed according to the laws of the State of Kansas.

It is the intention of the Employer to maintain the plan for an indefinite period of time. The Plan Year shall remain as specified within this document, unless the Employer has qualifying business reasons in compliance with IRS Section 125 Regulations. Qualified business reasons must be documented prior to approval of Plan Year changes. The benefit plan herein adopted shall contain notice of the benefits available for distribution to each employee and such benefits will be legally enforceable.

I certify that the adoption of the Section 125 Cafeteria Plan has been duly authorized by the Employers' Board of Directors, and accurately appears in the approved Board minutes of the Employer.

It is understood that (1) Mass Group Marketing, Inc. is not responsible for the tax and legal aspects of the plan, and (2) full responsibility is assumed by the undersigned organization establishing the plan, which organization acknowledges having counseled with its legal and tax advisors with respect to the adoption of the plan and the selection of options.

In Witness Whereof, the parties affix their signatures this 29<sup>th</sup> of July, 20 10.

Unified School District 261  
Name of Employer (Please Print)

Haysville USD 261  
Name of Plan Administrator (Please Print)

[Signature]  
Signature of Plan Administrator

Jamie McDonald  
Witness Name (Please Print)

[Signature]  
Witness Signature

Asst. Supt. of Bus./Finance  
Title (Please Print)

Account Executive  
Witness Title

**Plan Administration Agreement**

Mass Group Marketing, Inc. (MGM) and Haysville USD 261, the Employer, enter into this Agreement for the purpose of establishing the terms and conditions under which MGM agrees to provide administrative and advisory services in connection with the Employer's Section 125 Flexible Benefits Plan. This Agreement commences as of the Plan Year Start Date.

The specified terms of the Agreement are as follows:

- I. **ENROLLMENT**  
MGM shall provide the Employer with the Enrollment Forms for each plan participant and any other materials necessary and appropriate for the administration of the Cafeteria Plan.
- II. **EMPLOYER RECORD KEEPING**  
The Employer shall maintain application/enrollment forms, eligibility records, and account transactions and such other records as MGM deems necessary. The Employer shall be responsible for keeping all of the records/documents on file for the required period of time.
- III. **EMPLOYERS' PLAN DOCUMENT**  
MGM shall provide the Cafeteria Plan document, Summary Plan Descriptions and other pertinent documents required to be maintained by the Employer, or distributed to participants, as required by the Internal Revenue Code and the Department of Labor. MGM shall update all plan documents, as required by law.
- IV. **DOCUMENT AND FORM ISSUANCE**  
MGM shall issue enrollment forms, expense claim forms and any other forms it deems necessary for the performance of its administrative services.
- V. **FLEXIBLE SPENDING ACCOUNT PROCESS**
  - a) **Expense Account Deposits** - The Employer shall fund each individual flexible spending account, in accordance with the Plan Document and individual enrollment form elections.
  - b) **Record Keeping and Reports** - MGM shall maintain required records in order to provide the administrative services outlined in this Agreement. The Employer and plan participants will be provided with statements indicating account activity and remaining balances. Compliance and status reports shall also be provided to the Employer.
- VI. **DUTIES AND RESPONSIBILITIES OF THE PARTIES**  
MGM shall neither ensure nor underwrite the liabilities of the Employer under the Cafeteria Plan. The Employer, or his designee, is the legal Plan Administrator and, as such, has the ultimate decision making authority for reimbursement requests made under the Plan. MGM's duty to the Employer and plan participants is limited to operating the Plan as indicated in this Agreement.

MGM has no responsibility or obligation to investigate the claims which are submitted to it for payment. The parties agree that all such claim investigation is the Employer's sole responsibility. The Employer's written notification to MGM that a claim for payment has been made shall constitute, as between MGM and Employer, a conclusive presumption that the claim is valid and should be paid. MGM shall pay claims in accordance with provisions contained in the Adoption Agreement. All reimbursement checks will be mailed to the participants' home unless otherwise requested by the district.

**RECEIVED**

JUL 29 2010

**MGM**

It is understood that MGM shall provide the services requested solely to simplify the installation and the continued maintenance and operation of the Plan. MGM is not a party to the Plan and does not provide legal or tax counsel to the Plan, the Plan Administrator, the Employer, or plan participants. MGM strongly recommends that legal and tax advice from competent independent sources be obtained by the Plan Administrator and/or the Employer.

The Employer agrees to furnish any and all information required by MGM to perform the services described herein. MGM shall not be responsible for (i) the accuracy of the information provided to MGM, (ii) any services or reports based upon any inaccurate information, or (iii) any failure to provide services or reports because of a lack of accurate information. Except for gross negligence, MGM shall not be liable for any act or omission in connection with the services described herein.

Except for gross negligence, the Employer hereby agrees to indemnify to the extent allowed by law, MGM and hold it harmless against any and all loss, damage, and expense, including attorney fees, occasioned by claims, demands, or lawsuits brought against MGM in connection with its performance under this Agreement.

MGM shall be responsible for the preparation, and submission to the Employer, of any and all Internal Revenue Service and U.S. Department of Labor filings and reports. The Employer understands and agrees that final responsibility for compliance with all regulations and timely and accurate filing of all necessary reports remains with the Plan Administrator named by the Employer and/or the Employer.

The Employer shall notify MGM of all changes, additions and/or terminations in enrollment in the Plan, as they occur.

VII. CHANGES IN AGREEMENT

MGM reserves the right to change its administration services, and the provisions and terms under this Agreement each plan year anniversary, by giving written notice to the Employer not less than thirty (30) days prior to the end of the plan year. If any such change is unacceptable to the Employer, the Employer shall have the right to terminate the Agreement by giving written notice of termination to MGM before the effective date of the change. No response to the notification shall constitute acceptance by the Employer under this Agreement and shall not require a new Agreement to be rendered.

This Administration Agreement is executed by the Employer and MGM on

9-1-10, 20 10

<u>Hayville USD 261</u>	
Employer Name	MGM Benefits Group, Representative
<u>Asst. Supt. of Bus. Finance</u>	<u>VP</u>
Title	Title
<u>7/29/10</u>	<u>9-21-10</u>
Date	Date
<u>Fey D. McQuinn</u>	<u>Mary Conrad</u>
Signature	Signature

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