

## SUMMARY OF INFORMATION ABOUT UPDATED LEGAL DOCS

As you are likely aware, ProBenefits is providing revised and updated legal documents for current FSA plans at the time of renewal in 2006. As of the effective date, these documents replace your previous plan documents and are fully effective to govern the provisions of the flex plan.

Notable amendments to the plan documents include:

- (1) Provision of option for participant election of an "Employee-only" or "Employee-Plus-Children" FSA, where such election is needed to protect the eligibility of the participant's spouse for a Health Savings Account;
- (2) Provision of option for participant election of a "Limited FSA" (under which only vision and dental expenses are reimbursable), where such election is necessary for the participant to utilize the FSA in conjunction with a Health Savings Account;
- (3) Limitation of the Claim Runout Period for Terminated Employees. Under the new provision, terminated employees have 90 days following the date of termination in which to file claims for reimbursement of expenses incurred prior to termination, rather than the until the end of the plan year, plus 90 additional days; and
- (4) For those employers who have chosen the IRS-authorized grace period extension, the plan documents formally adopt the grace period.

The legal documents, if adopted by your company, will be in effect until the employer terminates the plan or otherwise supersedes or revokes the documents with subsequent written and properly executed instruments regarding the plan. Otherwise, the documents will continue in effect indefinitely, and will not need to be replaced absent significant amendment or ERISA considerations.

There will be no additional fee or service charge for the updated legal documents. These documents are provided by ProBenefits in our continuing effort to serve your benefit

administration needs. We hope that these documents represent a valuable benefit to you.

**NOTE:** Please pay special attention to the Explanatory Memo regarding the updated legal documents, including information regarding ERISA requirements.

## Quickies

### ◆ Optional New SPD Distribution Service

An optional new service that ProBenefits is offering is the delivery of SPDs to participants in your company's plan. Since the most effective way to distribute SPDs to participants (in compliance with ERISA requirements) is to mail a copy of the SPDs to participants' home addresses, ProBenefits can handle that process for you. The cost for this service is \$3.00 per mailed SPD.



## Q&A

***If my company has not adopted the IRS-authorized grace period for Health FSAs, but we would still like to consider doing so, do we have that option?***

For companies still considering the grace period for Health FSAs, there is still time to adopt the grace period for the 2006 plan year. Under IRS rules, a company may adopt the grace period at any time prior to the end of the plan year.

If you are interested in adopting the grace period, please contact your ProBenefits administrator.

For more information, see the ProBenefits memo dated September 29, 2005 and distributed to employers, or contact Jason Cogdill, Corporate Counsel, for a copy of that document (888-722-8382, ext. 132, [jason@probenefits.com](mailto:jason@probenefits.com)).

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