

Please check one:

☐

New account

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Existing account implementing a flex plan.

Indicate existing BCN E5482781

Federal Tax ID# 73-6005287



### Flex Plan Supplemental Form

Plan dates: Colonial Life plan effective date: 07 / 01 / 2023  
Initial enrollment dates: Start 05 / 01 / 2023 Stop 06 / 30 / 2023  
Subsequent (future) plan document date: 07 / 01 / 2024  
Subsequent (future) enrollment dates: Start 05 / 01 / 2024 Stop 06 / 30 / 2024

### Employer Reminder Notice

We are pleased you have selected Colonial Life & Accident Insurance Company (hereinafter called Colonial Life) as a supplier of insurance under the flexible benefits plan that you are implementing within the guidelines of Section 125 of the Internal Revenue Code. As a supplier of currently acceptable insurance coverage, we would like to remind you of several elements of Code Section 125.

1. You should have a written plan document that addresses the six primary elements listed in the Proposed Regulations.
2. You should realize that as a result of salary reduction, you, the employer, reduce your FICA (Social Security) contributions as a result of your employees' reducing their FICA contributions. Both of these reductions may ultimately somewhat reduce the Social Security benefit eventually paid to the employee.
3. You should review state statutes as they pertain to state tax implications of employees' salary reductions under your plan. In addition, you should check with your workers' compensation insurance carrier to determine if the workers' compensation insurance can be based on the reduced gross pay after salary reductions.
4. Because premiums being paid are considered employer paid, certain claim payments will be subject to 1099 reporting by Colonial Life.
5. Payments for the first six months of total disability are subject to FICA tax. Colonial Life will withhold the correct FICA taxes from these claim payments and notify you, the employer, of your obligation to pay the employer's portion of the FICA tax and the amount due. You will be required to add the disability payment to the employee's W-2 or provide a separate W-2 for the amount of the payment.
6. Once employee elections are made, they may not be changed during the plan year except under circumstances outlined in the plan document. Any changes must be communicated to Colonial Life in writing by your plan administrator. Since premiums are considered employer paid, all refunds will be made to the employer. The employer will be responsible for any tax withholdings and reporting and for distributing the refunds to employees.
7. The cost of certain insurance coverage is required to be reported by the employer on the employees' Form W-2 for information only. Colonial Life's hospital confinement indemnity and specified disease products are required to be reported on Form W-2 for this purpose when all or part of the premiums are paid through salary reduction (pre-taxed) by the employer. The premiums are not considered to be taxable income to the employee.
8. Certain benefit plans, when pre-taxed, may become subject to the Employee Retirement Income Security Act of 1974 (ERISA). Under ERISA, all employers (other than governmental and church employers) must provide each participant in a welfare or pension benefit plan with a summary plan description.
9. Flexible benefit plans are subject to discrimination rules to ensure highly compensated and key employees are not allowed to benefit from the plan disproportionately compared to other employees. The employer is responsible for complying with the discrimination guidelines.

**You should consult your professional advisors, lawyers and/or certified public accountants for answers to specific questions.**

I acknowledge that I have read and understand the Flex Plan Supplemental Form. This also serves as confirmation of existing plan dates, any amendments to them if applicable and inclusion of Colonial Life products under the plan.

City of Lawton

Account name

Craig Akard

Authorized officer name

Colonial Life producer name

Human Resources Director

Title

Signature of authorized officer

Date (mm/dd/yyyy)