

# THIRD PARTY ADMINISTRATOR ADMINISTRATIVE SERVICE AGREEMENT S125 FLEXIBLE BENEFITS CAFETERIA PLAN

## LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

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### 1. Introduction

#### ➤ TPA Service Statement

Chard, Snyder & Associates, LLC provides TPA expertise to plan sponsors for the alleviation of administrative requirements related to qualified and non-qualified employee benefit plans under current laws and regulations.

#### ➤ Administrative Agreement Description

The following agreement outlines applicable services and fees offered by Chard, Snyder & Associates, LLC for the implementation and administration of a Section 125 Flexible Benefits Cafeteria Plan. Request for services must be authorized by execution of this agreement by Lexington-Fayette Urban County Government (“Plan Sponsor” or “Employer”) and Chard, Snyder & Associates, LLC (“TPA”).

### 2. TPA Service Package Synopsis

#### ➤ Services Offered

TPA will provide the services described in Schedule A. These services will be based upon information supplied by the Plan Sponsor and its Participants. The TPA shall perform services for each Participant in the order work is received.

#### ➤ Services Unavailable

TPA will not provide the following services:

- Legal services such as Plan drafting and/or legal counsel;
- Services required of the ERISA Plan Administrator as “defined in the Plan”;
- Services pertaining to COBRA Administration as “defined in the Plan” unless the Plan Sponsor has signed a full or FSA-only COBRA Administrative Agreement for the TPA

### 3. Plan Sponsor Responsibilities

The Plan Sponsor shall be responsible for the following activities associated with the setup, administration and implementation of a Section 125 Flexible Benefits Cafeteria Plan:

- Provide the TPA with any information deemed necessary, including, but not limited to, employee census records, Plan Year enrollment data, checking account and bank-related information relating to the Plan, and changes in employment status and/or contributions of Plan Participants. The TPA relies on the accuracy of the information furnished by the Plan Sponsor or the Plan Sponsor’s advisors. The TPA will not be responsible for errors due to reliance upon information provided by the Plan Sponsor. Corrections of such errors, and information not provided in a compatible electronic format may cause extraordinary labor charges and may be subject to a billable rate of \$50.00 per hour;
- Provide Payroll Contribution Reporting to TPA each pay period in order for TPA to post participant contribution amounts to participant accounts each pay period and for the Plan Sponsor to verify and report to TPA participant status such as active or termination and contribution amount changes. For Eligible Plans that set up Recurring Contribution Reporting, Plan Sponsor will provide a Payroll Contribution Report as of the first payroll at the beginning of the plan year. The TPA will then automatically post recurring contributions to the Plan each pay period throughout the remainder of the plan year on behalf of the Plan Sponsor. Plan Sponsors that set up Recurring Contribution Reporting will be responsible for reporting to TPA participant changes such as status changes and contribution amount changes. TPA will process contributions to the Plan based on the Recurring Contribution Report received for the first payroll each pay period and treat all participants as active unless otherwise notified by the Plan Sponsor.
- Payment of validated claims made pursuant to the Plan;
- Payment of expenses incidental to the Plan, except for expenses specifically assumed by the TPA in this Agreement;
- Delegation of the responsibilities of ERISA Plan Administration;
- Delegation of the responsibilities of COBRA Plan Administration;

- Timely and accurate filing of requisite reports. Most reports subject to penalty for late filing;
- Compliance to Plan regulations under S125 of the Internal Revenue Code, as amended.

#### 4. TPA Account Funding and Payment

TPA will operate an account to pay claims approved by Plan Sponsor (the “TPA’s Account”). Plan Sponsor authorizes TPA to pay approved claims by checks issued from the TPA’s Account, or ACH transfers issued from the TPA’s Account, and payable to corresponding Plan participants. The Plan Sponsor shall enter into such agreements and provide instructions to its bank as are necessary to implement this section of the Agreement.

Funding for any payment approved to pay claims under the Plan is the sole responsibility of the Plan Sponsor, and the Plan Sponsor agrees to accept liability for, and provide sufficient funds to satisfy, all payments to Participants under the Plan. If the Plan Sponsor does not satisfy the requirements set forth herein in a timely fashion, the TPA reserves the right to suspend its services until such obligations are met.

If the Plan Sponsor has chosen the weekly funding option, the following shall apply: (1) at least one week prior to the date on which TPA first provides the Services, Plan Sponsor will make a deposit into the TPA’s Account in an amount equal to 5% of the expected annual elections; and (2) deposits into the TPA’s Account will be processed as selected by the Plan Sponsor in the implementation papers regarding commencement of the services under this Agreement. If the Plan Sponsor has chosen the daily funding option, the following shall apply: (1) Plan Sponsor will deposit funds into the TPA Account to cover benefit claims incurred by Plan participants on a daily basis; (2) such daily deposit shall be processed in an amount equal to the total benefit claims approved for reimbursement during that day; and (3) TPA will notify the Plan Sponsor as of the closing of operations the total amount of claims pending to be reimbursed processed during that working day. Please refer to the Plan’s implementation papers for additional fund processing details.

TPA shall have sole authority to provide whatever notifications, instructions or directions as may be necessary to accomplish the disbursement of such Plan Sponsor funds to pay for approved claims. TPA is merely a collections agent for the Plan Sponsor and any funds collected belong to the Plan Sponsor (and not to TPA or the Plan). Plan Sponsor agrees to sufficiently fund the bank account from which funds will be transferred to TPA, remove any filters to prevent TPA from conducting an ACH Pull, and monitor its balance to prevent overdraft.

**Notwithstanding the preceding, Plan Sponsor and TPA agree that funds submitted by Plan Sponsor in accordance with the terms specific in this section are general assets of Plan Sponsor and not “Plan assets” as defined in the Employee Retirement Income Security Act of 1974 (“ERISA”) and regulations thereunder. Plan Sponsor warrants that funds transferred to TPA in accordance with the terms specified in this section are not deposited in an account, fund, or trust under the name of the Plan. As of the termination of this Agreement, TPA agrees to return to Plan Sponsor any unused funds after all Plan claims pending to be reimbursed are paid to Plan participants and after all invoices for services rendered by TPA are paid in full by Plan Sponsor.**

#### 5. Reports and Data, Ownership

All reports, data, and Plan-related information shall remain the sole property of the Plan Sponsor. The TPA will provide the Plan Sponsor with any requested information using the electronic or printed format as used by the TPA for administration procedures.

#### 6. Terms of this Agreement

##### ➤ Willful Execution and Termination

This Agreement will be in effect beginning the date the Plan Sponsor and the TPA (the Parties of this Agreement) provide written execution and will end upon termination. Either Party may terminate this Agreement as of the first day of any Plan Year by providing a 30 (thirty) day prior written notice. Either Party may terminate this Agreement during the Plan Year if the other Party has materially breached this Agreement. In that case, the breaching Party will have 30 (thirty) days to correct the breach. If the breaching Party does not correct the breach within that time, the non-breaching Party will have the right to terminate the Agreement. If TPA is the breaching Party and does not correct the breach in accordance with this Section, then TPA agrees to waive termination fees listed in Schedule 1 that are normally applied to terminating groups.

➤ **Automatic Termination**

This Agreement shall automatically terminate as of:

- The effective date of any legislation which makes the Plan and/or this Agreement illegal; or
- The date the Plan Sponsor becomes insolvent, bankrupt, or subject to liquidation, receivership, or conservatorship; or
- The termination date of the Plan (not to be misconstrued with the end of a Plan Year), subject to any Agreement between the Parties regarding the adjudication of Plan Benefits after the Plan is terminated.

➤ **Modifications and Amendments**

This Agreement (and the attached Schedules) represents the entire Agreement between the Parties and may not be modified or amended except in writing by the Parties to be charged.

➤ **Rights of Assignment**

This Agreement cannot be assigned without the other party's written consent.

## 7. Fee Schedule and Terms of Payment

➤ **Fees Statement and Guarantees**

The Plan Sponsor agrees to pay TPA appropriate fees as indicated in Schedule 1 and deemed necessary by this Agreement. Fees are based upon the scope of services to be performed. To the extent Plan Sponsor has prefunded amounts as forth Section 4 above, any undisputed TPA invoice for services rendered that remains unpaid by Plan Sponsor after 30 days of the invoice may be deducted from the TPA's Account by the TPA through an ACH Pull. The TPA reserves the right to require additional fees for extraordinary expenses which include but are not limited to multi-location groups, groups which necessitate travel expenses and/or employer-requested materials and services in addition to what is provided with this Agreement. Prior notification will be given, if applicable. The fees stated in this agreement are guaranteed for a period of 36 months, commencing on the date of this agreement, and are not subject to change.

➤ **Fee Frequency**

The TPA will provide billing for services as follows:

- Plan Document Fees and Installation and Implementation Fees will be billed at or before the first month of the Plan Year;
- Base Annual Fee will be billed at or before the first month of the Plan Year;
- Monthly Administrative Fees for services incurred will be calculated and billed at the end of each Plan Month;
- Termination Fees for services will be billed at time of Plan Termination;
- Additional Fees for extraordinary expenses as described in the Fee Statement will be billed in accordance with services incurred.

➤ **Payment Requirements**

The TPA provides the following payment requirements for the administration of a Section 125 Flexible Benefits Cafeteria Plan:

- Monthly Administrative Fees shall be based on number of Participants. Participants are defined as all eligible employees who have submitted an election form (or other conveyance of enrollment as deemed by the Plan Sponsor) expressing intent to participate in the Plan's Flexible Spending Accounts. The Participant count obtained from results of the enrollment process shall be commensurate of the regular monthly Administrative Fee for the entire Plan Year. Additional consideration will be given for mergers, spin-offs, acquisitions, partial terminations (layoffs) and high enrollment periods throughout the Plan Year. Any Participant who elects participation in both the Medical Spending Account and the Dependent Care Reimbursement Account will be counted as one Participant.
- Amounts outstanding over 60 (sixty) days will be considered delinquent. Failure to make timely payments can and will result in work being stopped.

## 8. Statement of Disclosure

The services provided in this engagement are not designed for the disclosure of errors, fraud, and / or illegal acts that may exist, nor can they be relied on for such disclosure. However, the TPA will inform the Plan Sponsor of any material errors, fraud and/or illegal acts that come to attention, unless they are clearly inconsequential. In addition, the TPA has

no responsibility to identify and communicate significant deficiencies or material weaknesses in the Plan Sponsor's internal control as part of this engagement.

## 9. Indemnification

TPA shall use reasonable care and due diligence in the exercise of its administrative services as defined by this Agreement. TPA agrees to indemnify and hold the Plan Sponsor harmless from all costs, expenses (including reasonable attorney fees), penalties and all other claims incurred by the Plan Sponsor as result of any breach by TPA under this Agreement. TPA agrees to maintain, at its own costs, errors and omissions, professional liability, and crime and theft insurance policies that covers TPA's acts under this Agreement. The terms of this paragraph will remain in effect indefinitely regardless of why and when this Agreement terminates.

## 10. Consequential Damages, Limitation of Liability

- **Consequential Damages**  
Intentionally deleted.
  
- **Limitation of Liability**  
Intentionally deleted

## 11. Arbitration of Claims and Waiver of Class Action

- **Disclosure**  
This section contains provisions regarding arbitration of claims.
  
- **Arbitration of Claims**  
Intentionally deleted.
  
- **Waiver of Class Action**  
Intentionally deleted.

**SCHEDULE A,  
TPA ADMINISTRATIVE SERVICES  
S125 FLEXIBLE BENEFITS CAFETERIA PLAN**

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TPA will provide the following administrative services checked below on a recurrent basis for the fees quoted in this Agreement:

**Section 125 Flexible Benefits Cafeteria Plan Design and Document Services**

We will furnish a prototype Flexible Benefit Plan document and necessary forms for adoption of the Plan by the Corporation. If applicable, the TPA will ensure that the documents comply with the privacy rules under HIPAA. These documents are only specimens and may be reviewed by the Plan Sponsor's attorney or tax advisor at their discretion. TPA will not normally revise Plan documents except for the creation of amendments or restatements as required by Plan design changes. If requested and approved, TPA will make reasonable changes to the prototype at billable rate of \$50.00 per hour. Midyear Plan amendments and restatements will be billed in accordance with Schedule 1 attached.

**Section 125 Flexible Benefits Cafeteria Plan Installation and Implementation Services**

Services to include setup of Plan in Administration database, development and setup of all appropriate communication requirements, and all applicable services related to the preparing of an enrollment-ready group. All materials required for the setup and implementation of the Plan will be provided by the TPA according to fees described in Schedule 1.

**Section 125 Flexible Benefits Cafeteria Plan Enrollment Services**

TPA is dedicated to providing education-driven enrollment campaigns. Fees for services will be charged in accordance with Schedule 1. Following are the services available for the enhancement of the Plan Sponsor's enrollment campaign:

- Group Meetings
  - Power Point presentation conducted by the TPA
  - Web seminars for remote locations
- Benefits Fair
  - Promotional Giveaways and Brochures, Question and Answer Session
- Enrollment Materials for Eligible Employees
  - Standard Enrollment Materials
  - Customized Enrollment Materials (additional charge for materials, printing, time and labor)
  - Online Enrollment

**Section 125 Flexible Benefits Cafeteria Plan Administration Services**

The Plan will be reviewed annually by the TPA to ensure that it complies with the various non-discrimination requirements specified by the Internal Revenue Code and IRS regulations. The TPA will also provide a completed, signature-ready Form 5500 for each Plan Year it is represented; and other government forms for Health FSA when applicable. Actual filing will remain the responsibility of the Plan Sponsor. All administration, accounting, and reimbursement checks from the Flexible Tax Savings Accounts will be handled by the TPA. This includes timely notice of salary reductions of employees' pay and making all determinations about the suitability of enrollment data, requests for reimbursement and requests for Change in Family Status. Following are the Plan Administration services provided by the TPA:

- Issue reimbursements (according to frequency indicated on Schedule 1)
- Provide entry of claims submitted by Participants
- Online Account access, including claim status, claim preparation and account balances
- Provide payment register for check/direct deposit processing and auto debit services
- Online Quarterly Employee Statements (Participants must provide email to receive statements)
- Provide on-demand online reporting for Plan Sponsor
- Optional debit card program offered in accordance with Schedule 1 attached
- Plan Year close-out reporting and Health FSA 5500 preparation, when applicable
- Conduct Annual Non-Discrimination Testing.

**SCHEDULE 1,  
TPA ADMINISTRATIVE CHARGES  
\$125 FLEXIBLE BENEFITS CAFETERIA PLAN**

- **Administration Fees**
  - Setup Fee:..... \$0.00
  - Annual Renewal Fee: ..... \$0.00
  - Administration Fee (Per Participant Per Month):
    - Weekly Reimbursements (includes global debit card)..... \$3.75 (Minimum: \$100.00 monthly)
  - Midyear Termination Fee:..... Administration fee thru runout period
  - Plan Year End Termination Fee:..... Administration fee thru runout period

**ADDITIONAL ADMINISTRATION SERVICES AND FEE DETAIL**

- **Plan Design & Document Services**
  - Renewal Plan Document Amendments/Restatements: ..... Included
  - Midyear or IRS Mandated Plan Document Amendments/Restatements:..... \$250.00
- **Plan Enrollment Services<sup>1</sup>**
  - Employee Meetings/Fairs/Webinars/Videos (options may vary):..... Included
    - Travel, lodging, meal expenses for employee meetings/fairs: ..... Waived
  - Enrollment Materials:
    - Standard enrollment materials (options may vary): ..... Included
    - Customized enrollment materials: ..... At Cost
    - Online enrollment: ..... Included
    - Paper enrollment: ..... At Current Rates
- **Plan Administration Services**
  - Reimbursement payments to home address (based on reimbursement frequency): ..... Included
  - On-line Quarterly Employee Statements by email:..... Included
  - On-Demand On-line Reporting to Employer: ..... Included
  - Plan Year End Closeout Report: ..... Included
  - Non-Discrimination Testing: ..... Included
  - Direct Deposit Installation and Setup:
    - Data entry of Employee bank account information: ..... Included
    - ACH electronic transfers and Report Preparation  
(for Employer's and Employees' designated accounts): ..... Included
    - Direct deposit application forms (for participants): ..... Included
  - Debit Card Transaction Reports to Employer (if have debit card option):..... Included
- **Optional 2.5 Month Grace Period Fees**
  - 2.5 Month Grace Period Fee (Per Participant Per Month): ..... \$0.50
- **Optional Debit Card Fees**
  - Debit Card Fee (global activation):..... Included
- **Optional Use of Chard Snyder Bank Account Fees**
  - Use of Chard Snyder Bank Account Fee (per month): ..... \$0.00
  - Use of Chard Snyder Bank Account Fee (based on number of participants): ..... If applicable, see chart

Participants	Monthly Fee
1-99	\$50.00
100-499	\$125.00
500+	\$225.00

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<sup>1</sup> All Plan Enrollment Services listed may be subject to change(s) or modification(s) within Ascensus's sole discretion at any time during the Plan year without notice. As used above, "at cost" shall mean the actual cost paid by Ascensus without any mark-up to Client.

**PLAN EXECUTION**  
**SECTION 125 FLEXIBLE BENEFITS CAFETERIA PLAN**

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Employer: Lexington-Fayette Urban County Government

Address: 200 E. Main St.  
Lexington, KY 40507

Agreement Effective: 01/01/2024 - 12/31/2026

Subsequent Plan Years: 01/01 - 12/31  
Month/Day – Month/Day

On behalf of the above Plan, the undersigned authorized Plan Representative hereby requests the specific services outlined in this S125 Flexible Benefits Cafeteria Plan Agreement.

Signed On \_\_\_\_\_

Signature \_\_\_\_\_

Printed Name \_\_\_\_\_

This Agreement is not effective until properly countersigned by an authorized representative of TPA:

TPA: Chard, Snyder & Associates, LLC

Address: PO Box 249  
Fort Washington, PA 19034-9998

President \_\_\_\_\_

*Barb Yearout*

Date 01/01/2024 \_\_\_\_\_