

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

1. Introduction

➤ **TPA Service Statement**

Chard, Snyder & Associates, Inc. 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, Inc. 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, Inc. ("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;
- 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. 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.

5. 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 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.

6. 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. 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 60 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 the end 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.

7. 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.

8. Warranties, Representations and Understandings

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.

**SCHEDULE A,
TPA ADMINISTRATIVE SERVICES
\$125 FLEXIBLE BENEFITS CAFETERIA PLAN**

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 your attorney or tax advisor at your 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, we 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)
- On-Line 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

On-line Quarterly Employee Statements (Participants must provide email to receive statements)

Provide On Demand On-Line 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**

- **FSA Administration Fees**
 - Setup Fee: Waived
 - Annual Renewal Fee: Waived
 - 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

- **HSA Administration Fees** **Services and fees not agreed upon but may at a future date*
 - Setup Fee: Waived
 - Annual Renewal Fee: Waived
 - Administration Fee (Per Participant Per Month): \$2.00 (Minimum: \$75.00 monthly)
 - New Participant HSA Account Setup Fee (Per New Participant Account):
 - Paper Enrollment:\$15.00
 - Online Enrollment (not available option for Bank of Kentucky HSA Accounts):\$0.00
 - Midyear Termination Fee: One month's administration fee
 - Plan Year End Termination Fee: One month's administration fee

- **TRP Administration Fees** **Services and fees not agreed upon but may at a future date*
 - Setup Fee: Waived
 - Annual Renewal Fee: Waived
 - Administration Fee (Per Participant Per Month):
 - Weekly Reimbursements (includes global debit card) \$3.50 (Minimum: \$100.00 monthly)
 - Midyear Termination Fee: Administration fee thru runout period
 - Plan Year End Termination Fee: Administration fee thru runout period

- **COBRA Administration Fees** **Services and fees not agreed upon but may at a future date*
 - Administration Fee (Per Health Plan Eligible Per Month): \$0.35 (Minimum: \$100.00)
 - Qualifying Event Fee (per event):\$0.00
 - Midyear Termination Fee: One month's administration fee
 - Plan Year End Termination Fee: One month's administration fee

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**
 - Employee Meetings/Fairs/Webinars (each)Included
 - Travel and Lodging Expenses for Employee Meetings/Fairs (more than 50 miles from Mason, OH)Included
 - Enrollment Materials:
 - Standard printed enrollment materials (each):Included
 - Customized printed enrollment materials (materials, print, time and labor): At Cost
 - On-line enrollment.....Included

- **FSA 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

➤ **HSA Plan Administration Services** **Services and fees not agreed upon but may at a future date*

- Daily Customer Service:Included
- Contribution Reporting to Employer: Included
- Collect payroll deposits from employer and employee for deposit into individual accounts:Included

➤ **TRP Plan Administration Services** **Services and fees not agreed upon but may at a future date*

- 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
- Debit Card Transaction Reports to Employer (if have debit card option):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

➤ **FSA Optional Fees**

- Claims Reimbursement more frequent than Weekly (plus PPM above, monthly minimum applies):\$1.00
- 2.5 Month Grace Period Fee (Per Participant Per Month):\$0.50
- Debit Card Fee (global activation):Included

➤ **HSA Optional Fees** **Services and fees not agreed upon but may at a future date*

**No Optional Fees Listed*

➤ **TRP Optional Fees** **Services and fees not agreed upon but may at a future date*

- Claims Reimbursement more frequent than Weekly (plus PPM above, monthly minimum applies):\$1.00
- Debit Card Fee (global activation):Included

➤ **COBRA Optional Service and Fees** **Services and fees not agreed upon but may at a future date*

- Reporting to carrier (monthly fee per carrier): \$15.00
- Remittance to carrier (monthly fee per carrier):\$15.00
- Open enrollment mailings (per packet):\$15.00
- One-time initial notice to all active employees (each):\$2.00
- One-time initial notice to new hire employees (each):\$0.00

➤ **Optional Use of Chard Snyder Bank Account Fees**

- 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

PLAN EXECUTION
SECTION 125 FLEXIBLE BENEFITS CAFETERIA PLAN

Employer: Lexington-Fayette Urban County Government

Agreement Effective: FSA: 01/01/2016 – 12/31/2020

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 this _____ day of _____, 20_____.

Signature _____

Name _____

Title _____

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

TPA: Chard, Snyder & Associates, Inc.

Address: 3510 Irwin Simpson Road
Mason, OH 45040

President _____

Authorized Representative _____

Date _____

01/01/2016