

Virginia Wesleyan College Cafeteria Plan

SUMMARY OF MATERIAL MODIFICATIONS

To: Participants of Virginia Wesleyan College Cafeteria Plan
From: Virginia Wesleyan College
Date: 12/15/2014

On 11/8/13, Virginia Wesleyan College amended the Virginia Wesleyan College Cafeteria Plan (the Plan) to adopt the modified "use-or-lose" rule for the health FSA permitting carryovers of up to \$500 (or a lower amount specified in the plan) of unused health FSA amounts remaining at the end of a plan year to reimburse medical expenses incurred during the following plan year.

This Amendment shall be effective the first day of the Plan Year January 1, 2014.

The Plan is amended by incorporating the following changes governing the forfeiture of unused health FSA accounts under the terms of the plan can become effective:

Carryover of Health FSA Accounts and Use-or-Lose Rule. The Plan is hereby amended to incorporate the following changes governing the forfeiture of health FSA accounts.

- a) An employee may carry over up to \$500 of unused health FSA amounts remaining at the end of a plan year to reimburse medical expenses incurred during the following plan year. The carryover of up to \$500 may be used to pay or reimburse medical expenses under the health FSA incurred during the entire plan year to which it is carried over. For this purpose, the amount remaining unused as of the end of the plan year is the amount unused after medical expenses have been reimbursed at the end of the plan's run-out period for the plan year.
- b) Unused amounts relating to a health FSA may not be cashed out or converted to any other taxable or nontaxable benefit.
- c) The amount that may be carried over to the following plan year is equal to the lesser of (1) any unused amounts from the immediately preceding plan year or (2) \$500. Any unused amount in excess of \$500 that remains unused as of the end of the plan year (that is, at the end of the run-out period for the plan year) is forfeited. Any unused amount remaining in an employee's health FSA as of termination of employment also is forfeited (unless, if applicable, the employee elects COBRA continuation coverage with respect to the health FSA).

If you have any questions on this Summary or the Amendment to your Plan, contact your Plan Administrator:

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