CARLETON COLLEGE
Overview of Your Cafeteria Plan

The Carleton College Cafeteria Plan provides a means for you to use pre-tax dollars to pay for:

(1) your employee premiums for the Carleton College Health Plans
(2) uncovered medical and dental expenses for yourself and your eligible dependents
(3) dependent day care expenses for eligible dependents

This voluntary program enables you to save taxes and increase your spendable income through your pre-tax contributions. Your election to the Plan is made on a Plan Year basis. The Plan Year is a calendar year (i.e. January 1 through December 31).

The IRS allows election changes during the Plan Year if, and only if, you incur a change in family status during the Plan Year. Please note election changes must be consistent with the change in status. Examples of a status change include:

- Marriage.
- Divorce.
- Birth or adoption of a child.
- Death of a spouse or dependent child.
- Change in your employment status from full time to part time or part time to full time.
- Change in your spouse’s employment status from full time to part time or vice versa.
- Your spouse commences or terminated employment.
- A significant change in health coverage due to your spouse’s employment.
- Unpaid leaves of absence.

There are many benefits to participating in the cafeteria plan. As with any formal employee benefit plan, however, certain rules and requirements must be followed. IRS rules regarding cafeteria plans include the following:

An employee must be an active participant in the Plan when expenses are incurred in order for the expenses to be eligible for reimbursement. Expenses incurred before participation in the plan becomes effective are ineligible. Expenses are considered incurred on the date the service is provided. Most out-of-pocket medical and dental expenses incurred by the participant, the participant’s spouse, and his or her dependents are reimbursable.

Examples of qualifying expenses include:

- Co-pays and deductibles from your medical plan
- Dental expenses
- Prescription drugs
- Over-the-counter drugs
- Chiropractic services
- Prescription eyeglasses and contact lenses
- Hearing aids
- Orthodontia
Some expenses which do not qualify for reimbursement under the regulations include cosmetic surgery, spousal or personal insurance premiums, and weight reduction programs for general well being.

In order for dependent care expenses to qualify under the Plan, the expenses must qualify for dependent care credit, they are necessary to permit you and your spouse to be employed, and there is an annual limit for reimbursement (generally $5,000, but see your summary plan description for more details). Generally children under age 13 qualify as a dependent for reimbursement under this Plan. In certain circumstances, dependents that are physically or mentally incapable of self-care may also qualify.

When you terminate employment, pre-tax contributions stop. You may choose to continue your medical expense reimbursement account contributions on an after-tax basis. You can submit for reimbursement your medical expenses incurred up to the date of your termination unless stated otherwise in your documents. If you continue contributions on an after-tax basis, you can submit requests for reimbursement on medical expenses incurred during the period for which you have continued to make contributions. Following termination of employment, you can continue to submit claims for dependent care expenses for the rest of the Plan Year.

Plan your contribution elections carefully to minimize your risk of forfeiture (forfeiture is required by IRS rules if you have money left in your account at year end). A budget form is included for estimating expenses. To qualify for reimbursement under the cafeteria plan, expenses cannot be eligible for coverage or reimbursement through any other plan or deducted on your or your spouse’s income tax return.

To be reimbursed through the cafeteria plan, simply complete the claim for reimbursement form and submit your completed form to ARC with a copy of expense documentation.

<table>
<thead>
<tr>
<th>Health Care Reimbursement Account</th>
<th>Dependent Care Reimbursement Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility for Plan:</td>
<td>Same as for medical plan</td>
</tr>
<tr>
<td>Annual Election</td>
<td></td>
</tr>
<tr>
<td>Minimum Amount:</td>
<td>None</td>
</tr>
<tr>
<td>Maximum Amount:</td>
<td>$5,000</td>
</tr>
<tr>
<td>Plan Year:</td>
<td>January 1 – December 31</td>
</tr>
<tr>
<td>Reimbursement Frequency</td>
<td>Bi-Weekly</td>
</tr>
<tr>
<td>Grace Period</td>
<td>January 1 – March 15</td>
</tr>
<tr>
<td>“Run Out” Period (for submitting claims from prior year)*:</td>
<td>Ends on April 30 of the following plan year</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*This is NOT a “postmarked by” deadline. Claim forms must be received by ARC no later than this date.

Reimbursement requests should be mailed to ARC using the available return business envelopes or faxed to ARC at (763) 767-4700. Faxed claims must be received by 1:00 PM Central Time on the claim deadline date.

To access your account information, log on to www.arcbenefits.com and click on “Participant Login”.

This is only a summary of the plan highlights. Please see Summary Plan Description (SPD) for a more detailed summary. If there is a discrepancy between this summary and the SPD, the provisions in the SPD will be controlling.