



Section 125 Cafeteria Plan Flexible Spending Program

Memorandum of Understanding

Based on this Memorandum of Understanding, Kades-Margolis Corporation (KMC) will conduct the implementation and enrollment for the Section 125 Cafeteria Plan Flexible Spending Program for the
_____ Warren County School District _____ (the Employer).

The implementation and enrollment process of the Flexible Spending Section 125 Plan will include the following: (1) group presentations at various Employer locations to discuss the program; (2) meeting with individual employees at various Employer locations to explain the program; (3) enrolling interested participants in the Flexible Spending Section 125 Program; and (4) submitting enrollment participation information to CBIZ, Inc. (CBIZ), the Plan Administrator. KMC will also briefly discuss the advantages of Tax-Sheltered Accounts with employees at the conclusion of the individual enrollment interviews and enroll those who are interested in the program.

Kades-Margolis will subsidize the Plan Administrator’s per participant per month rate for a minimum of one year. \$2.00 per participant per month will be charged to the Employer and paid by either the Employer or the individual participant.

Please indicate below who will be paying the charge:

 X The \$2.00 per participant per month charge will be paid by the Employer (KMC will bill the Employer monthly for these fees).

 The \$2.00 per participant per month charge will be paid by each participant (The charge will be collected by the Employer from the participant through payroll deduction, and then submitted to KMC when billed, as per the above).

 The \$2.00 per participant per month charge will be split between the participant and the Employer (The charge will be collected by the Employer from the participant through payroll deduction, and then submitted to KMC when billed, as per the above).

 Other (Please explain) _____

KMC is committed to providing clients with best-in-class Flexible Spending Section 125 services. Hence, our current partnership with CBIZ. Should KMC decide to partner with a different Flexible Spending Section 125 Program Administrator in the future, any subsidy payments paid by KMC for the current Flexible Spending Section 125 Administrator will cease upon timely notice, and new opportunities for such subsidies may be presented with a new Plan Administrator.

KMC will perform this enrollment on the basis that the following criteria are met:

The Employer must establish (if not already established) and maintain separate payrolls slots for:

1. Kades-Margolis 403(b). Please note: If Kades-Margolis is not an approved vendor in your Employer's 403(b) Plan, we must be added as an approved vendor prior to any enrollments.
2. Two (2) Flexible Spending Section 125 Payroll Slots. Of these, one slot is for the Medical FSA (which is exempt from Federal, FICA, State, and Local taxes), and the other is for Dependent Care (exempt from Federal and FICA only)

Further, the Employer must agree to:

1. Provide electronic census data as needed for eligible employees including Name, Social Security Number, Home Address, Date of Birth, Pay Periods, Date of Hire, and Building Location.
2. Provide 20-30 minutes of time for a Mandatory group presentation for all eligible employees to be conducted prior to the first-year enrollment, and each year thereafter. This presentation reviews the Flexible Spending Section 125 Program and 403(b) information. (Presentation will be compliant with Employer COVID-19 restrictions and guidelines.)
3. Allow access to individual Employer building locations during normal business hours to conduct enrollments. Enrollers must be provided with an easily accessible location (preferably a faculty lounge or another location frequented by employees) for employees to meet with a KMC Representative to enroll. (Access to building locations will be subject to Employer COVID-19 restrictions and guidelines).
4. Allow 10–15-minute enrollment meetings with each employee that wishes to enroll in the program.
5. Communicate to each building principal that the KMC Flexible Spending Section 125 Group Presentation is mandatory for all staff in all buildings/locations of the Employer (which will be done during either an in-service or at individual building locations), and that employees must be permitted to meet with enrollers during the open enrollment period to either accept or decline participation in the Flexible Spending Section 125 Program.
6. Allow use of email, payroll stuffers, mailboxes, etc. to disseminate Flexible Spending Section 125 information.

A successful enrollment process will result in not only substantial tax savings to participating employees, but can also mean significant FICA savings to the Employer. The more participation by employees in the Flexible Spending Program the more the Employer saves in FICA taxes. Therefore, it is in the Employer's best interest to maximize the number of employees that are personally and individually made aware of the Flexible Spending Program advantages. For KMC to maximize the participation of employees, KMC must receive all the information and assurances listed in this Memorandum of Understanding. Once the process begins, the Employer agrees to comply with all listed assurances during the enrollment process.

ONCE MEMORANDUM OF UNDERSTANDING IS ACCEPTED BY KMC

Scheduling Administration of the Flexible Spending Section 125 Group Presentation and Directives

KMC's Flexible Spending Section 125 Representative will meet with Employer's "Point of Contact" to schedule the mandatory group meeting for the KMC Flexible Spending Section 125 Presentation(s) for all employees eligible to participate in the Program. This mandatory presentation can be done at either an in-service meeting or at mandatory meetings in each building. We require a location large enough to accommodate all attendees that includes internet access and a screen or white wall.

KMC's Flexible Spending Section 125 Representative will also schedule individual building enrollment dates with the Employer's "Point of Contact." Please be advised that enrollment deadlines are no later than 2 weeks prior to the start of the plan year to ensure that all enrollment information is gathered and processed prior to the start of the plan year.

For the Employer

The Employer agrees to all assurances contained in this Memorandum of Understanding and will submit all information requested prior to the start of the enrollment process. The Employer further understands that failure to adhere to the terms outlined above could result in the requirement of the Employer to pay any Flexible Spending Section 125 Administrative fees (currently \$3.50 per participant per month, but subject to change), or the cancellation of the entire Program.

Signed

Title

Date

For KMC

KMC agrees to conduct the Section 125 enrollment at no charge to the Employer and to cover a partial subsidy of the total Section 125 administrative fees for at least one year per this Memorandum of Understanding. KMC will provide the Employer with a minimum of 90 days' notice if the administrative costs, subsidy, or any other changes to the implementations and enrollment process should change.

Signed

Title

Date