

KADES-MARGOLIS



Your Trusted Retirement
Planning Partner Since 1974

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 District).

The implementation and enrollment process will include the implementation of the Section 125 Plan, providing group presentations at various District locations to discuss the program, meeting with individual employees at various District locations to explain the program, enrolling interested participants in the Section 125 and submitting enrollment participation information to 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.

Please be advised that the Section 125 Plan Administrator, CBIZ, currently charges a rate of \$4.00 per participant per month for enrollees in the Section 125 Program. Because your district currently uses Kades-Margolis as your 403(b) plan consultant, Kades-Margolis has agreed to pay \$2.00 per participant per month to CBIZ on behalf of the District for at least one year. The remaining \$2.00 per participant per month will be charged to the District, and paid by either the District or the individual participant. Please indicate below who will be paying the charge:

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

KMC will perform this enrollment, as long as the following criteria are met:

The District must establish (if not already established) and maintain separate payroll slots for:

1. Kades-Margolis 403(b). Please note: If Kades-Margolis is not an approved vendor in your District's 403(b) Plan, we must be added as an approved vendor prior to any enrollments.
2. Two (2) 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 District must agree to:

1. Provide electronic census data, including eligible employee Name, Home Address, Date of Birth, 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 at least every three years thereafter. This presentation will discuss the Section 125 program and 403(b) information.
3. Allow access to individual district building locations between the hours of 8:00 am – 4:00 pm 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 to enroll.
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 125 Group Presentation is mandatory for all staff in all buildings/locations of the District (which will be done at either an in-service or individual building locations), and that those employees who wish to take advantage the Section 125 must be permitted to meet with enrollers during the open enrollment period.
6. Allow use of email, payroll stuffers, mailboxes, etc. to disseminate Section 125 information

Also, the District agrees to consider:

1. Implementing a 457 Deferred Compensation Plan offered by KMC so employees can take advantage of sheltering income beyond that already sheltered in the traditional 403(b)/TSA programs; and,
2. Providing, in January or February of each year, a school district meeting room for KMC to invite prospective school district retirees to a seminar on PSERS and other retirement related 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 District. The more participation by employees in the Flexible Spending Program the more the District saves in FICA taxes. Therefore, it is in the District's best interest to maximize the number of employees that are personally and individually made aware of the Flexible Spending Program's advantages. For KMC to maximize employee participation, KMC must receive all of the information and assurances listed.

Once the process begins, the District agrees to comply with all listed assurances during the enrollment process.

ONCE MEMORANDUM OF UNDERSTANDING IS ACCEPTED BY KMC

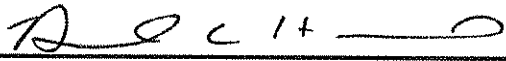
Scheduling Administration Section 125 Group Presentation and Directives

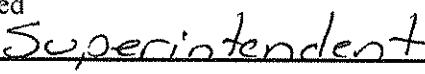
KMC's Section 125 Coordinator will meet with District's "Point of Contact" to schedule the mandatory group meeting for the KMC 125 Presentation(s) for all District employees, including Principals, Supervisors, Directors of Support Services, etc. This mandatory presentation can be done at either an in-service meeting or at mandatory meetings in each building. We require a location large enough to accommodate all attendees that includes a screen or white wall.

KMC's Section 125 Coordinator or a representative from KMC will also schedule individual building enrollment dates with the District's "Point of Contact". Please be advised that enrollment deadlines are no later than 2 weeks prior to the start of the plan year in order to ensure that all enrollment information is gathered and processed prior to the start of the plan year.

For the District

The District agrees to all assurances contained in this Memorandum of Understanding and will submit all information requested on the checklist prior to the start of the enrollment process. The District further understands that failure to adhere to the terms outlined above could result in the requirement of the District to pay any Section 125 Administrative fees (currently \$4.00 per participant per month, but subject to change), or the cancellation of the entire Program.




Signed



Title
9/24/12

Date

For KMC

KMC agrees to conduct the Section 125 enrollment at no charge to the District and to cover the cost of the Section 125 administrative fees for at least one year as indicated in this Memorandum of Understanding. KMC will provide the District with a minimum of 90 days notice for future plan years if the administrative charge will no longer be paid by KMC.



Signed


Title
9/24/12

Date