

TOWN OF BRISTOL

SECTION 125 PLAN

(As Amended and Restated Effective as of January 1, 2025)

ADOPTION OF
TOWN OF BRISTOL SECTION 125 PLAN

The undersigned official of the Town of Bristol, Indiana (the “Town”) hereby adopts the Town of Bristol Section 125 Plan (As Amended and Restated Effective as of January 1, 2025) on behalf of the Town, in the form attached hereto.

Dated this _____ day of January, 2025.

TOWN OF BRISTOL, INDIANA

By _____

Name: _____

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

TOWN OF BRISTOL SECTION 125 PLAN

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ARTICLE I
INTRODUCTION

Section 1.1. Purpose of Plan. The Town of Bristol Section 125 Plan (As Amended and Restated Effective as of January 1, 2025) (the “Plan”) is maintained by the Town of Bristol, Indiana (the “Employer”). The purpose of the Plan is to provide Eligible Employees of the Town a choice between cash or the various Optional Benefits (as defined in Section 3.9) listed below:

- a) Group health plan (the “Health Plan”),
- b) Dental plan,
- c) Vision plan,
- d) Life insurance plan,
- e) Short-term disability plan, and
- f) Contributions to an individual health savings account (“HSA”)(as set forth in Supplement A).

Section 1.2. Cafeteria Plan Status. This Plan is intended to qualify as a “cafeteria plan” under Section 125 of the Internal Revenue Code, as amended, (the “Code”) and is to be interpreted in a manner consistent with the requirements of Code Section 125 and its underlying regulations.

Section 1.3. Effective Date. The “Effective Date” of the Plan, as amended and restated, is January 1, 2025, unless otherwise specified in the Plan or required by applicable law. The provisions of the Plan as amended and restated only apply to an individual employed by the Employer on or after the Effective Date. The rights and benefits, if any, of an Employee whose employment with the Employer terminated before the Effective Date will be determined in accordance with the terms of the Plan in effect as of the date of his termination.

Section 1.4. Plan Administration, Plan Year. The Plan is administered by the Employer on the basis of a “Plan Year” which is the twelve-month period commencing on each January 1 and ending on the next following December 31. Any notice or document required to be given to or filed with the Employer will be properly given or filed if delivered or mailed, by registered mail, postage prepaid, to:

Town of Bristol, Indiana
303 East Vistula Street
Bristol, IN 46507

Section 1.6. Plan Supplements. The provisions of the Plan may be modified by supplements to the Plan. The terms and provisions of each supplement are a part of the Plan and supersede any other provisions of the Plan to the extent necessary to eliminate any inconsistencies between the supplement and any other Plan provisions.

ARTICLE II
PARTICIPATION

Section 2.1. Commencement of Participation. Each Employee of the Employer who meets the eligibility requirements of an Optional Benefit (an “Eligible Employee”) will be eligible to participate in the Plan. An Eligible Employee will become a “Participant” in the Plan as of the beginning of the payroll period that either coincides with or immediately follows the date the Employee becomes eligible to participate. For purposes of this Plan, the term “Employee” means any individual the Employer classifies and treats as its own regular, common-law employee. In addition, the term "Employee" will include leased employees within the meaning of Code Section 414(n)(2). Any person that the Employer classifies as a temporary or seasonal employee or as an independent contractor or contract employee will not be an Eligible Employee for purposes of this Plan, regardless of his or her actual employment status. In addition, for purposes of the Plan, the term “Employee” will not include a self-employed individual as defined in Code Section 401(c)(1) or any person who owns (or is considered as owning within the meaning of Code section 318) more than 2 percent of the outstanding stock or combined voting power of an S corporation.

Section 2.2. Cessation of Participation. A Participant will cease to be a Participant as of the earliest of:

- (a) the date on which the Plan terminates,
- (b) the date on which he ceases to be an Employee eligible to participate under Section 2.1, or
- (c) the date as of which he fails to make a required contribution.

Section 2.3. Reinstatement of Former Participant. A former Participant who terminates his employment with the Employer will be treated as a new Employee upon his rehire and will

again become a Participant in accordance with Section 2.1. Notwithstanding the election change rules of Section 3.7, if a Participant is laid-off by the Employer and elects to continue participation on an “after-tax” basis while on lay-off status, the Participant may continue participation on a “pre-tax” basis upon recommencing work for the Employer. If a laid-off Participant terminates participation, he may not make an election under Section 3.2 upon recommencing work, but must instead wait until the January 1 following his recommencement of work to reenter the Plan.

Section 2.4. COBRA Continuation Provisions. A Participant, his spouse and his dependents may be eligible to continue their coverage under one or more of the Optional Benefits pursuant to the terms of those plans and Code Section 4980B (the “COBRA” provisions).

Section 2.5. FMLA Leave of Absence. Notwithstanding any provision to the contrary in this Plan, if a Participant goes on a qualifying unpaid leave under the Family and Medical Leave Act of 1993 (“FMLA”), to the extent required by the FMLA, he must elect to either revoke coverage or continue coverage on the same terms and conditions as though he were still an active employee under the Health Plan. If the Participant elects to revoke coverage, he will be permitted to rejoin the Plan upon his return from the leave on the same terms as prior to the FMLA leave, subject to any changes in benefit levels that may have taken place during the period of FMLA leave. If the Participant elects to continue his coverage during the leave, the Participant may elect to pay his share of the premium for the expected duration of the leave under the pre-pay option, pay-as-you-go option or the catch-up option via an arrangement agreed upon between the Participant and the Employer and permitted under the FMLA in accordance with the following:

- (a) Under the pre-pay option, the Participant may pay, prior to commencement of the leave, the premiums due for the duration of the FMLA leave period. Contributions under the pre-pay option may be made on a pre-tax salary reduction basis from any taxable compensation (including from unused sick days or vacation days), provided that pre-tax dollars during the Plan Year are not used to fund coverage during a subsequent Plan Year, or on an after-tax basis.
- (b) Under the pay-as-you-go option, the Participant may pay his share of the premium payments under any payment schedule voluntarily agreed to between the Employer and the Participant that is not inconsistent with the FMLA. Contributions under the pay-as-you-go option may be made on either a pre-tax basis to the extent that the contributions are made from taxable compensation (e.g., from unused sick days or vacation days) that is due the Participant during the leave period or the Participant may pay his share of the premiums for the duration of the leave on an after-tax basis by remitting the required monthly premiums to the Employer. If the Participant fails to make a required premium payment, the Employer may cancel his coverage under the Plan at that time, in which case no benefits will be paid for claims incurred after the coverage stops, or the Employer may continue the Participant's coverage and utilize the catch-up option to recoup the premiums, to the extent of the Participant's share, when the Participant returns from FMLA leave. Upon his return from leave, a Participant whose coverage was cancelled due to his failure to make the required premium payments will be permitted to reenter the Plan on the same basis he was participating in the Plan prior to the leave, or as otherwise required by the FMLA.

- (c) Under the catch-up option, the Employer and Participant may elect in advance that the Participant's coverage will continue during the unpaid FMLA leave period and the Participant will not pay premiums until he returns from the leave. If a Participant elects to use the catch-up option, the Employer and the Participant must agree in advance of the coverage period that the Participant elects to continue coverage while on unpaid FMLA leave, the Employer assumes responsibility for advancing payment of the premiums on the Participant's behalf during the FMLA leave, and these advance amounts are to be paid by the Participant when the Participant returns from FMLA leave. Contributions under the catch-up option may be made on a pre-tax salary reduction basis from any taxable compensation (including from unused sick days and vacation days) after the Participant returns from FMLA leave provided the premiums have not been paid on any other basis (i.e., have not been paid under the pre-pay or pay-as-you-go options or on a catch-up after-tax basis). Contributions under the catch-up option may also be made on an after-tax basis.

ARTICLE III

PLAN BENEFITS

Section 3.1. Individual Spending Accounts. The Employer will establish and maintain an “Individual Spending Account” for each Participant. The account will be increased to reflect the Salary Redirection Amounts made to the account under Section 3.2 and decreased to reflect the payment and forfeiture of benefits under Sections 4.1. In addition, sub-accounts will be maintained within a Participant’s Individual Spending Account to reflect the allocation of his Salary Redirection Amounts under Section 3.3. Unless the context indicates otherwise, references to a Participant’s Individual Spending Account will include each of his sub-accounts.

Section 3.2. Salary Redirection Amounts. During each Enrollment Period (as defined below), a Participant may elect to reduce his Compensation by any amount not in excess of the Participant's annual share of the cost of the Optional Benefits he selects (“Salary Redirection Amount”). A Participant’s Salary Redirection Amount will be deducted from his pay and allocated to his Individual Spending Account. A Participant’s “Compensation” means all remuneration paid to him by the Employer as reported or to be reported by the Employer on Federal Form W-2, excluding any non-cash fringe benefits, but including any Salary Redirection Amounts made under this Section. The “Enrollment Period” for a Plan Year means the period beginning 61 days prior to and ending five days prior to the first day of the Plan Year. The Employer may shorten or lengthen this period for all Employees on a nondiscriminatory basis. An election made under this Section 3.2 will be effective as of the first day of the Plan Year and will continue in effect until changed during a subsequent Enrollment Period or as provided in Section 3.5, 3.6, 3.7 or 3.8. Any election under this Section must be made at the time, in the manner and on the forms established by the Employer. A Participant who does not timely

complete and file an election with the Employer during an Enrollment Period will be deemed to have elected not to participate in the Plan.

Section 3.3. Individual Spending Account Allocations. Subject to Section 3.5, Salary Redirection Amounts credited to a Participant's Individual Spending Account will be applied by the Employer as directed by the Participant during the Plan Year's Enrollment Period to pay for his required premium(s) under the Optional Benefits selected. An election made under this Section 3.3 will be effective and may be changed according to the provisions applicable to a salary redirection election under Section 3.2.

Section 3.4. New Participants. As soon as practicable before an Employee becomes a Participant under Section 2.1 or 2.3, the Employer will provide him with the election forms and salary redirection agreements described in Section 3.2. Such forms and agreements may be provided either by paper or through an electronic enrollment system. If the Employee desires one or more Optional Benefit coverages for the balance of the Plan Year, he must so specify on the election form or electronic enrollment system and must agree to a reduction in his Compensation in accordance with Section 3.2. The election form or electronic enrollment must be completed and returned to the Employer on or before the date specified by the Employer, but in no event later than the beginning of the first pay period for which the Participant's salary reduction agreement will apply.

Section 3.5. Changes by Employer. If the Employer determines, before or during any Plan Year, that the Plan may fail to satisfy for that Plan Year any nondiscrimination requirement imposed by the Code or any limitation on benefits provided to "Key Employees" (as determined under Code Section 416(i)(1)) or "Highly Compensated Participants" (as determined under Code Section 125(e)), the Employer may take any action it deems appropriate, under rules uniformly

applicable to similarly situated Participants, to assure compliance with such requirement or limitation. An action under the preceding sentence may include, without limitation, a modification of any elections under the Plan by Participants who are Highly Compensated Participants or Key Employees, with or without the consent of those Participants.

Section 3.6. Insufficient Allocation. If the Participant has elected to have a portion of his Compensation allocated to his Individual Spending Account under Section 3.2 and the cost of an Optional Benefit that he has elected to receive increases the Participant's Employer will automatically increase a Participant's Salary Redirection Amounts under Section 3.2 to pay for the increased cost of the Optional Benefit. In addition, if the cost of such an Optional Benefit decreases, the Participant's Employer will automatically make a corresponding reduction in the Participant's Salary Redirection Amount.

Section 3.7. Irrevocability of Election by the Participant During the Plan Year. Except for contributions to individual HSAs which may be changed prospectively at any time, elections made under the Plan shall be irrevocable by the Participant during the Plan Year, unless the election may be changed under one of the following provisions:

- (a) Changes in Status. If a change in status occurs, a Participant may revoke his salary reduction election and file a new election to be effective for the balance of the Plan Year, provided that the election change satisfies the consistency rules of Treasury Regulation Section 1.125-4(c). A "change in status" for this purpose means (i) a change in the Participant's legal marital status (including a change due to marriage, death of the Participant's spouse, divorce, legal separation or annulment); (ii) a change in the number of the Participant's dependents; (iii) a change in the Participant's, his spouse's or his dependent's employment status

due to termination or commencement of employment, a strike or lockout, a commencement of or return from an unpaid leave of absence, a change in worksite or an eligibility provision in a qualified benefit plan sponsored by the Employer or by the spouse's or dependent's employer (e.g., a reduction or increase in the hours of employment or a switch from union to non-union employment causing a change in eligibility for coverage); (iv) an event that causes a Participant's dependent to satisfy or cease to satisfy the requirements for coverage under an Optional Benefit program; and (v) a change in the place of residence of the Participant, his spouse or his dependent.

- (b) Judgment or Order. The Plan may change a Participant's Health Plan premium election to provide coverage for the Participant's dependent child pursuant to and consistent with a judgment, decree, or order resulting from a divorce, legal separation, annulment or change in legal custody, including a qualified medical child support order. A Participant may revoke his Health Plan premium election to cancel coverage for his dependent child pursuant to and consistent with a judgment, decree, or order resulting from a divorce, legal separation, annulment or change in legal custody. A Participant may revoke his Health Plan premium election to cancel coverage for his dependent child if the judgment, decree, or order requires the spouse, former spouse, or other individual to provide coverage for the child and that coverage is, in fact, provided.
- (c) Significant Coverage Change. A Participant may revoke his election if coverage under an Optional Benefit is significantly curtailed or ceases during the year, in order to drop coverage under that Optional Benefit or to drop coverage under that

Optional Benefit and elect coverage under a similar benefit plan option.

- (d) Family and Medical Leave. If a Participant takes an unpaid leave under the FMLA, a Participant may revoke his election or a Participant may continue his coverage under the Plan during the FMLA leave as provided in Section 2.5.
- (e) Other Changes. Any other event designated by the Internal Revenue Service and the Employer may be the basis for a change in an election under Section 3.3 during a Plan Year.

Any new election under this Section 3.7 will be effective at the time prescribed by the Employer, but not earlier than the first pay period beginning on or after the date the new coverage is effective.

Section 3.8. Automatic Termination of Election. Elections made under this Plan will automatically terminate on the date on which the Participant ceases to be a Participant in the Plan, although coverage or benefits under one or more of the Optional Benefits may continue if so provided by those plans.

Section 3.9. Optional Benefits. For purposes of this Plan, the term “Optional Benefits” means participation in or coverage under one of the plans or programs listed in Section 1.1. While an election to pay for the cost of one or more of the Optional Benefits may be made under this Plan, the benefits will not be provided under this Plan but will be provided under the Optional Benefit plan. The types and amounts of benefits available under each Optional Benefit, the requirements for participating in the underlying plans or programs, and the other terms and conditions of coverage and benefits under each Optional Benefit are as set forth from time to time in those plans and in the group insurance contracts and prepaid health plan contracts that constitute (or are incorporated by reference in) those plans or programs.

ARTICLE IV

BENEFIT PAYMENTS

Section 4.1. Payment Procedures. Any amounts in the Participant's Individual Spending Account that have been allocated to pay the Participant's required premiums for a Plan Year under subsection 3.3(a) will automatically be applied to pay those premiums at the times and in the amounts required by the underlying plan.

Section 4.2. Claim Review. A Participant may seek a review of any benefit determination made by the Employer upon written request. The Employer will afford the Participant a full and fair review of such a request.

Section 4.3. Forfeiture of Account Balances. Except for individual HSAs, any amount in a Participant's Individual Spending Account at the end of Plan Year that is not used to pay premiums for that Plan Year will be forfeited. Forfeitures will revert to the sole use and possession of the Employer and may, in the Employer's sole discretion, be used to offset the Employer's expenses under the Plan.

ARTICLE V

ADMINISTRATION OF PLAN

Section 5.1. Employer Powers. The administration of the Plan will be under the supervision of the Employer, and it will act as the plan administrator for all purposes of the Plan. The Employer will have full power to administer the Plan in all of its details, subject to applicable requirements of law. For this purpose, the Employer's powers will include, but will not be limited to, the following, in addition to all other powers provided by this Plan:

- (a) To make and enforce rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan, with its interpretation thereof made in good faith to be final and conclusive on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To appoint agents, counsel, accountants, consultants, and other persons as may be required to assist in administering the Plan; and
- (e) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan.

Section 5.2. Examination of Records. The Employer will make the Plan records that pertain to a Participant available to that Participant for examination at reasonable times during normal business hours.

Section 5.3. Rules and Decisions. The Employer may adopt rules and procedures as it deems necessary or desirable to provide for the proper administration of the Plan. All rules and decisions of the Employer will be consistent with the terms of the Plan and will be uniformly and consistently applied to all Participants in similar circumstances. When making a determination

or calculation, the Employer may rely upon information furnished by an Employee, the Employer, the Employer's legal counsel or the administrator of the Optional Benefit program. The Employer will make any adjustments it considers equitable and practicable to correct a mistake of fact once the mistake becomes known. Subject to applicable law, any determination made in good faith by the Employer will be binding on all persons. Consequently, benefits paid under this Plan will be paid only if the Employer decides, in its sole discretion, that the applicant is entitled to them.

Section 5.4. Indemnification. To the extent permitted by law, the Employer will indemnify any current or former employee or director of an Employer who serves as a decision maker for the Plan against any and all liability or claim of liability (to the extent not indemnified under any liability insurance contract or other indemnification agreement) which the person incurs on account of any act or failure to act in connection with the good faith administration of the Plan, including all expenses incurred in the person's defense if the Employer fails to provide a defense after having been requested to do so in writing. The right to indemnification under this Section 5.4 is conditioned upon the person notifying the Employer of any claim of liability within 30 days of the person's notice of that claim and granting the Employer the right to participate in and control the settlement and defense of that claim.

ARTICLE VI

AMENDMENT AND TERMINATION OF PLAN

The Plan may at any time be amended, in whole or in part, or terminated by the Employer in its sole discretion. In the event of the dissolution or reorganization of the Employer, the Plan will terminate unless continued by a successor to the Employer who assumes all the powers and duties of the Employer under the Plan.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1. Information to be Furnished. Participants must provide the Employer with any information and evidence, and sign any document, as may reasonably be requested from time to time, for the purpose of administering the Plan.

Section 7.2. Limitation of Rights. Neither the establishment of the Plan, nor any amendment thereof, nor the payment of any benefits, may be construed as giving to any Participant or other person any legal or equitable right against the Employer, except as specifically provided in the Plan.

Section 7.3. Governing Law. To the extent not superseded by the laws of the United States, this Plan shall be construed, administered and enforced according to the laws of the State of Indiana, without regard to that state's choice of law principles.

Section 7.4. Incapacity. If the Employer deems any person to be incapable of receiving any payment by reason of illness, infirmity, or other incapacity established by medical evidence or because such person is a minor, the Employer may direct that payment be made directly for the benefit of such person to the legal guardian or other person legally charged with the care of that person. To the extent payments are made in this manner, the Employer shall be discharged from all liability with regard to such payments.

Section 7.5. Nonguarantee of Employment. Nothing contained in this Plan may be construed as a contract of employment between an Employer and the Employee, or as a right to be engaged or continued in the employment of an Employer or as a limitation of the right of an Employer to discharge any of its Employees, with or without cause.

Section 7.6. Nonalienation of Benefits. Except as may be required by law, benefits payable under this Plan are not subject in any manner to sale, transfer, assignment, pledge,

encumbrance, garnishment, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to sell, transfer, assign, pledge, encumber, or otherwise dispose of any right to benefits payable hereunder will be void. The Employer will not be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

Section 7.7. Illegal or Invalid Provisions. The Employer intends that the Plan be legally enforceable and in the event any provision of this Plan is held illegal or invalid for any reason, any illegality or invalidity will not affect the remaining parts of this Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had never been inserted.

Section 7.8. Gender and Number. Words in the masculine gender are to be construed to include the feminine gender in all cases where appropriate and words in the singular or plural are to be construed as being in the plural or singular where appropriate.

Section 7.9. Execution in Counterparts. This Plan may be executed in any number of counterparts, each of which will be deemed to be an original. All the counterparts will constitute but one and the same instrument and may be sufficiently evidenced by any one counterpart.

Section 7.10. Waiver of Notice. Any notice required under the Plan may be waived by the party entitled to such notice.

Section 7.11. Action by Employer. Any action required or permitted to be taken by the Employer under the Plan must be by resolution of its Manager or by a person or persons duly authorized by its Manager.

Section 7.12. Funding. Except for contributions to individual HSA accounts, the Employer is not required to segregate any funds or establish any funding procedure for any amount credited to a Participant's Individual Spending Account. Payments from an Individual

Spending Account will consequently be paid directly by the Employer from their general assets as provided in the terms of the Plan. With respect to contributions to individual HSA accounts, the Employer will segregate those funds and pay them to the applicable HSA account.

HSA BENEFITS

Section A-1 Purpose. The purpose of this Supplement is to describe the special rules that apply to Participants who contribute to a qualified individual health savings account (“HSA”) during any Plan Year.

Section A-2 HSA as Optional Benefit. Subject to the limits described below, a Participant may elect to direct the Employer to contribute a portion of his Salary Redirections to a qualified individual HSA that the Participant established with a qualified trustee or custodian approved by the Employer.

Section A-3 Election Rules. The normal election and allocation rules of Article V will apply to the individual HSA Qualified Benefit, except that a Participant may elect to increase or decrease his Salary Redirections under Section 5.1 prospectively at any time in order to increase or decrease his HSA benefit, consistent with the terms provided in Section 5.4(1).

Section A-4 Employer Credits. The Town may make contributions (“Employer credits”) to a Participant’s HSA account on a periodic basis, which Employer credits are to be included in calculating the Participant’s maximum annual HSA contribution, as described in 0. The amount of the contribution of Employer credits shall be determined in a nondiscriminatory manner in the sole discretion of the Employer, and may be prorated based upon the number of months that the Participant is employed by the Employer during a Plan Year. The maximum annual contribution of Employer credits will be established periodically and is subject to modification from time to time in the Employer’s sole discretion.

Section A-5 Contribution Limits. A Participant may not have more than the maximum amount permitted to be contributed by the Participant under Code Section 223(b) for the Plan Year (based on the Participant’s elected coverage under a high deductible health plan and the

Participant's age during the Plan Year) allocated and contributed to his individual HSA for any Plan Year. A Participant's HSA benefit contribution may be increased by the "catch up" contribution amount, if any, the Participant is entitled to make to an individual HSA upon attaining age 55.

Section A-6 Timing of Contributions. The annual HSA benefit election made by the Participant for a Plan Year will be divided by the number of payroll periods in the Plan Year and the per payroll period amount will be contributed to the HSA trustee/custodian within a reasonable period following each payroll period. Timing of the contribution of Employer credits is set forth in Section A-4.

Section A-7 Status of HSA. The Health Savings Account Benefit under this Plan consists solely of the ability of a Participant to redirect his salary so that contributions may be made by the Employer to individual HSA accounts. No HSA is or will be a part of this Plan or other plan sponsored by the Employer. The Employer will have no authority or control over any funds maintained in any individual HSA account to which they contribute pursuant to this Plan.

Section A-8 Treatment of Excess Contributions. If the Employer determines that a Participant has made contributions to his individual HSA in excess of the annual statutory maximum, the Employer will include the amount of those excess contributions in the gross wages of the Employee, complete all Employer income tax withholding required by law, and report those wages on the Employee's W-2 for the applicable tax year.

Section A-9 Failure to Establish HSA Account. A Participant's election to make contributions to an individual HSA account will not be effective until the Participant completes all required documentation and provides the Employer with account information sufficient to allow the Employer to contribute to the Participant's account. If a Participant fails to establish

an individual HSA account and provide his account information to the Employer as of the last day of the Plan Year, or upon his termination of employment and corresponding ineligibility to participate in the Plan, whichever first occurs, the Participant will forfeit any Employer Credits to which he otherwise would have been entitled under section A-4 of this Supplement.