

Meeting Date: 5/27/2014

Report Type: Consent

Report ID: 2014-00403

Title: Agreement Establishing Retiree Health Savings Accounts

Location: Citywide

Recommendation: Pass a Motion 1) authorizing the City Manager or designee to establish Retiree Health Savings Accounts for the Sacramento Police Officers Association (SPOA); and 2) approving the Declaration of Trust designating the City of Sacramento as the Trustee.

Contact: Geri Hamby, Director, (916) 808-7173; Shelley Banks-Robinson, Labor Relations Manager, (916) 808-5541, Department of Human Resources

Presenter: None

Department: Human Resources

Division: Labor Relations

Dept ID: 08001511

Attachments:

1-Description/Analysis

2-RHSA ICMA Agreement-803453

3-RHSA ICMA Agreement-803454

City Attorney Review

Approved as to Form

Brett Witter

5/21/2014 12:59:31 PM

Approvals/Acknowledgements

Department Director or Designee: Geri Hamby - 5/14/2014 4:20:29 PM

Description/Analysis

Issue: The 2005-2013 labor agreement between the City of Sacramento and the Sacramento Police Officers Association (SPOA), which represents employees in Unit 02, expired on June 28, 2013. The City and the SPOA are currently in negotiations for a successor agreement and have reached an agreement to establish two Retiree Health Savings Accounts (RHSA) for employees in Unit 02. The agreement includes the following terms:

- The first RHSA will cover employees hired before September 3, 2013, who shall contribute ten dollars (\$10) per pay period.
- The second RHSA will cover employees hired on or after September 3, 2013, who shall contribute two percent (2%) of their base salary per pay period.
- Employee contributions will be mandatory for each group, with the contributions to be determined annually by the City and SPOA, consistent with the United States Internal Revenue Code (USIRC) or other applicable law.
- Contributions shall be on a pre-tax basis to the extent allowed by law.
- Both plan agreements allow for City contributions; however, currently there shall be no City contributions.
- Both plan agreements shall allow employees to make withdrawals from their RHSA upon separation from City service, subject only to those restrictions in the USIRC or other applicable law.

In addition to creating the new plans; the City is required to establish a Declaration of Trust which will hold the assets and income of the plans for the exclusive benefit of plan participants, their spouses and dependents. The City of Sacramento will serve as the Trustee of the plans.

Policy Considerations: Approval of this action by the City Council is consistent with the City's legal obligations under the Meyers-Milias-Brown Act, adheres to the City's positive labor-management relations concept, and provides labor stability.

Economic Impacts: None

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Approval of this action will allow the City to create the plan agreements with ICMA-RC to establish the two Retiree Health Saving Account plans and approve the Declaration of Trust.

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): Not Applicable

VANTAGECARE
RETIREMENT HEALTH SAVINGS PLAN
ADOPTION BOOKLET



This booklet contains information to establish your VantageCare RHS Plan. Section I includes information on the VantageCare RHS Plan as well as instructions for adoption of the program. Section II includes the documents that must be returned to ICMA-RC for program adoption. Section III includes documents that are not required to be returned to ICMA-RC. You do not need to return the documents in Section III to ICMA-RC unless you make revisions to the model Integral Part Trust document.

- Section I: Adoption Information
 - » Steps for Establishing Your VantageCare RHS Plan
 - » Description of VantageCare RHS Adoption Materials
- Section II: VantageCare RHS Adoption Documents to **Return** to ICMA-RC
 - » Suggested Resolution for Adoption of the VantageCare RHS Plan OR Suggested Affirmative Statement for Adoption of the VantageCare RHS Plan
 - » Employer VantageCare RHS Plan Adoption Agreement
 - » VantageCare RHS Plan Implementation Data Form
 - » ICMA-RC EZLink Access Form
 - » Administrative Services Agreement (provided separately)
- Section III: VantageCare RHS Adoption Documents to **Retain** in Your Files
 - » Model Integral Part Trust Document
 - » Sample Retiree Welfare Benefit Plan
 - » IRS Private Letter Ruling on Integral Part Trust
 - » Important Information on Welfare Plan Nondiscrimination Rules
 - » RHS Enrollment/Contribution Process

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC's VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. The employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.



SECTION I:

INFORMATION AND INSTRUCTIONS FOR ADOPTION STEPS FOR ESTABLISHING YOUR VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN

INFORMATION AND INSTRUCTIONS FOR ADOPTION STEPS FOR ESTABLISHING YOUR VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN

Congratulations on your decision to establish a VantageCare Retirement Health Savings (RHS) Plan for your employees. RHS allows governmental employers and employees to accumulate assets to pay for health insurance and out-of-pocket medical expenses in retirement. The RHS Plan has a number of advantages including tax-deferred contributions, tax-deferred investment earnings, and tax-free withdrawals for eligible medical expenses for participants, their spouses and dependents.

The steps needed to establish your RHS Plan are outlined below.

1. Review the VantageCare RHS Plan materials in this booklet to become familiar with the options available in the program.

- » Section II contains documents that must be completed and returned to ICMA-RC in order for your RHS Plan to be established, including the RHS Adoption Agreement, Implementation Data Form and EZLink Access Form.

Section III contains documents that you retain for your files, including the Integral Part Trust Document and a sample welfare plan document. Section III also includes a copy of the Private Letter Ruling obtained by ICMA-RC in conjunction with the original adopting VantageCare RHS employer.

You have also been provided two copies of the Administrative Services Agreement: the contract between you and ICMA-RC for administration of the RHS program. One copy of this Agreement must be returned to ICMA-RC along with your RHS adoption materials.

You may also want to review the materials included in the VantageCare RHS Employer Folder, available from your Retirement Plans Specialist or by calling our Employer Services Unit at 1-800-326-7272. These materials include the *Employer Question and Answer Brochure*, *Plan Adoption Summary* and *Plan Design Options*, and the *VantageCare Retirement Health Savings Plan Fund Options Sheet*.

2. Decide on your RHS plan design features, such as employee group coverage, contribution sources, funding levels, benefit eligibility timing, and type

of eligible medical expenses. Meet with covered employee groups as appropriate. This may include collective bargaining groups.

3. Prepare the required documents.
 - » VantageCare RHS Plan Declaration of Trust
 - » Retiree Welfare Benefits Plan (if one does not already exist)
 - » VantageCare RHS Plan Adoption Agreement
 - » Implementation Data Form
 - » EZLink Access Form
 - » Administrative Services Agreement
 - » Governing Body Resolution or Affirmative Statement of Adoption

PLEASE NOTE

If you would like ICMA-RC to review your adoption materials prior to formal execution, please contact your Retirement Plans Specialist. This review may make your adoption more efficient, as any outstanding questions can be discussed prior to formal adoption.

Additional information on each required document is included later in this booklet under "VantageCare RHS Plan Adoption Materials".

4. Return the following executed documents to ICMA-RC.
 - » VantageCare RHS Plan Adoption Agreement
 - » Implementation Data Form
 - » EZLink Access Form
 - » Administrative Services Agreement
 - » Governing Body Resolution or Affirmative Statement of Adoption
5. ICMA-RC will set up your plan in our recordkeeping system and send you a Notice of Plan Acceptance. At that point, you may hold employee education/enrollment meetings and help your employees begin saving for their retirement health costs.

PLEASE NOTE

At any point in the RHS Plan adoption process, you should feel free to contact your Retirement Plans Specialist regarding plan design issues. You may be referred to a member of ICMA-RC's RHS Product Team for questions of a technical nature.

For questions on the adoption process itself, contact ICMA-RC's RHS New Business Analyst at 1-800-326-7272 for assistance.

VANTAGECARE RHS PLAN ADOPTION MATERIALS

The following documents are required in order to establish your VantageCare RHS Plan:

- VantageCare RHS Plan Declaration of Trust
- Retiree Welfare Benefits Plan
- VantageCare RHS Plan Adoption Agreement*
- Implementation Data Form*
- EZLink Access Form*
- Administrative Services Agreement*
- Governing Body Resolution or Affirmative Statement of Adoption*

** Documents noted with an * must be returned to ICMA-RC for RHS Plan adoption.*

VantageCare Retirement Health Savings Plan Documents

The following three documents collectively comprise your VantageCare Retirement Health Savings Plan.

VantageCare RHS Plan Declaration of Trust

The VantageCare RHS Plan Declaration of Trust is included in Section III.

The Declaration of Trust establishes the legal entity that will hold the assets you set aside to pay for your employees' retiree health benefits, and lays out the duties of the employer and Trustee with respect to the trust.

If you do not wish to use the model trust agreement provided by ICMA-RC, you may draft an individually designed document in conjunction with your human resources or benefits counsel. However, if you do not use the model trust document, or if you make changes to the

model document, your individually designed document must be reviewed and approved by ICMA-RC prior to adoption of your RHS Plan. This will ensure that your document meets the requirements for integral part trusts, and that ICMA-RC can administer all provisions of your plan.

If you use the model Declaration of Trust, you do not need to return the document to ICMA-RC. It is for your files only.

The model trust document has been worded broadly to encompass any employer's RHS program. In most situations, as with your 457 and 401 retirement programs, the employer will act as Trustee. Some employers name the jurisdiction (e.g., City or County) as Trustee. Others name a particular position (e.g., Finance Director, Human Resources Manager) or a group (e.g., Deferred Compensation Committee, Retiree Health Committee) within the jurisdiction. When the employer is named as Trustee, the terms Administrator and Trustee in the Trust Declaration will refer to the employer. Each reference to the employer, Administrator, or Trustee refers to the employer acting in the appropriate capacity.

- In some cases, the employer names a third-party as Trustee (e.g., a bank). In this case, the term Administrator refers to the employer while Trustee refers to that third-party Trustee. Employers interested in using the services of a third-party trustee may contact your Retirement Plans Specialist or ICMA-RC's RHS New Business Analyst for information.

PLEASE NOTE

In no case can ICMA-RC act as Trustee for your RHS Plan.

The Trust Declaration is not an agreement between you and ICMA-RC. The Declaration gives the employer (acting as Administrator) the ability to designate another entity (i.e., ICMA-RC) to perform administrative services for the RHS Plan. The Administrative Services Agreement (see below) constitutes the contract between you and ICMA-RC for these services.

Retiree Welfare Benefits Plan

A sample retiree welfare benefits plan is included in **Section III**.

The welfare benefits plan document identifies the underlying benefits available to the retiree such as medical, dental

and long-term care coverage. You may wish to discuss with counsel whether existing personnel policies or memoranda of understanding may qualify as a welfare benefits plan document.

If you do not already have a written retiree welfare benefit plan in place, you may use the simple sample document provided by ICMA-RC. If you wish, you may draft a welfare benefits plan in conjunction with your human resources or benefits counsel. It can be a simple document, but it should be in writing in order for your employees to enjoy tax-free treatment of the benefits they receive.

You do not need to return the welfare plan document to ICMA-RC. It is for your files only.

VantageCare RHS Plan Adoption Agreement*

The VantageCare RHS Plan Adoption Agreement is included in **Section II**.

The Adoption Agreement specifies the details of how your RHS Plan works. For example, the Adoption Agreement details employee (also called “participant”) eligibility requirements, sources of contributions, any restrictions on contributions, vesting provisions (if any), the types of benefits that will be funded by the RHS trust, and procedures to be followed in case of the death of the participant.

Specific instructions for completion of the Adoption Agreement are provided in Section II.

Other RHS Adoption Materials

Additional documents required for plan adoption include the following.

Implementation Data Form*

The Implementation Data Form is included in **Section II**. This form provides ICMA-RC with the necessary contact information to set up your RHS Plan.

EZLink Application*

The EZLink Application is included in **Section II**.

This form provides ICMA-RC with information necessary to establish your account(s) on EZLink, ICMA-RC’s web-based employer plan administration portal.

If you already use EZLink for your ICMA-RC provided 457 or 401 retirement plan, you need only complete Section 1 of the form.

Administrative Services Agreement*

Two copies of the Administrative Services Agreement are provided separately with your other RHS adoption materials.

The Administrative Services Agreement is the contract between you and ICMA-RC for administration of the RHS Plan. One signed copy must be returned to ICMA-RC. The other copy is for your files.

Governing Body Resolution or Affirmative Statement of Adoption*

A sample resolution and a sample affirmative statement of adoption are included in **Section II**.

Your governing body may require the execution of a formal Resolution to adopt the RHS Plan. Other jurisdictions may simply require an Affirmative Statement of Adoption. You may wish to speak with counsel to determine which action is required in your jurisdiction. ICMA-RC cannot make this determination for you.

** Documents noted with an * must be returned to ICMA-RC for RHS Plan adoption.*

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC’s VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. The employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.

SPECIFIC INSTRUCTIONS FOR VANTAGECARE RHS PLAN ADOPTION MATERIALS

PLEASE NOTE

At any point in the RHS Plan adoption process, you should feel free to contact your Retirement Plans Specialist regarding plan design issues. You may be referred to a member of ICMA-RC's RHS Product Team for questions of a technical nature.

For questions on the adoption process itself, contact ICMA-RC's RHS New Business Analyst at 1-800-326-7272 for assistance.

INSTRUCTIONS FOR SECTION II: ADOPTION DOCUMENTS TO RETURN TO ICMA-RC

Sample Resolution and Sample Affirmative Statement of Adoption

- Determine whether your jurisdiction requires a resolution to adopt the program, or if a less formal affirmative statement may be used.
- Review the appropriate sample document to ensure that it meets your local requirements.
- Complete and execute the document.
- Your RHS Plan number can be found on the Administrative Services Agreement, a letter with terms of your administrative agreement with ICMA-RC, included with your adoption materials.
- Return a copy of the executed document to ICMA-RC with your other RHS adoption materials.

PLEASE NOTE

If you do not use the sample resolution or affirmative statement of adoption, your individually designed adoption execution must include the following statements:

- That you are adopting the ICMA Retirement Corporation's VantageCare Retirement Health Savings Plan.
- That the assets shall be held in trust, with the Employer (or other named third party trustee) acting as trustee, for the exclusive benefit of Plan participants and their survivors, and that the assets shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan.

- That you have executed the Declaration of Trust in the form of either the model trust provided by ICMA-RC or a trust provided by you.*
- The title of the trustee for your RHS Plan.

**If you develop your own trust document, a copy must be provided to ICMA-RC for review prior to adoption of your RHS Plan.*

Employer VantageCare RHS Plan Adoption Agreement

- Review the features available in the RHS Plan.
- Determine the features that you wish to include in your Plan.
- Complete the Adoption Agreement, using the detailed instructions included in Section II.

You may wish to consult with your benefits counsel and your ICMA-RC Retirement Plans Specialist on the various features available in the Adoption Agreement.

PLEASE NOTE

If you are amending an existing RHS Plan, the Adoption Agreement is the only document that you need to complete and return to ICMA-RC. Please include a summary of changes you are making to your RHS Plan in your cover letter when you return the completed amended Adoption Agreement to ICMA-RC.

VantageCare RHS Plan Implementation Data Form

Complete the requested information regarding your RHS Plan contacts. The following information should help you in completing the Implementation Data Form.

5. **Primary Contact:** Complete this section with the information for the individual responsible for day-to-day administration and processing of RHS transactions. ICMA-RC will contact this individual with general questions regarding your RHS Plan, as well as questions regarding EZLink transmission of all items other than contributions (e.g., benefit eligibility dates).

- 15a. **Contribution Frequency:** Check the box for the frequency you will use most often. If contributions will be sent only at separation from service or retirement, check "Other" and write "At Separation" in the blank space.

15d. First Contribution Date Following Implementation: Complete this blank with the expected first contribution remittance date. This is for informational purposes only, and does not need to be an exact date.

16-18. Claims Contact Information: Please provide names of two individuals that we may contact regarding questions on participant claims, if necessary. These names will be provided to the third-party claims processor for questions on reimbursement requests or adjudication of claims, if necessary. The third-party claims processor generally resolves questions with the participant, but in some cases, communication with the employer is required. Two names are requested to ensure timely resolution of issues so that reimbursement checks may be issued.

19. Contribution Contact: Please provide the information for the individual responsible for contribution remittances. If there are discrepancies in the EFT, check or wire amount remitted and the corresponding detail transmitted via EZLink, ICMA-RC will contact this individual to resolve the discrepancy. This individual should have access to all payroll/contribution information to ensure efficient processing of contributions and resolution of contribution questions.

20. Trustee Information: The title of the individual or group acting as Trustee of your RHS Plan integral part trust is designated in your adopting resolution or affirmative statement of adoption. The individual you name in this section will receive reports on behalf of the Trustee (e.g., quarterly plan account statements, contribution confirmations, and confirmations for all reinvested dividends). See the section titled “VantageCare RHS Plan Adoption Materials” above for detailed information regarding naming of the Trustee for your integral part trust.

You may specify in this Section whether you wish both the Employer and the Trustee to receive Plan reporting. If you wish only the Trustee to receive the reports, check the box as indicated. If you do not check the box, two sets of reports will be sent, one to the Primary Contact named in Section 5 and one to the Trustee named in this Section.

21. Billing (Fees) Contact: Please provide the information for the individual to whom questions regarding employer paid fees, if any, should be directed.

EZLink Access Form

EZLink is the required employer data medium for all VantageCare RHS Plans.

- If you already use EZLink for other ICMA-RC sponsored programs, you need only complete Section 1. RHS access will be added for the individuals that already have EZLink access for your other programs.
- If you are new to EZLink, complete the entire form, following the instructions included on the form.

PLEASE NOTE

The VantageCare RHS Employer Manual contains detailed information on processing RHS transactions via EZLink. When your Plan is established you will be contacted by an EZLink Specialist, who can answer all questions regarding transmission of data to ICMA-RC.

Administrative Services Agreement

You received two copies of a VantageCare RHS Plan Administrative Services Agreement with your RHS Adoption materials. This document is located in the front cover booklet pocket.

- Review the Administrative Services Agreement, consulting with counsel if desired.
- Sign both copies.
- Retain one copy for your RHS files. Return the other original to ICMA-RC with your other adoption materials.

Upon receipt of all of your RHS adoption materials, ICMA-RC will review the documents for completeness and compliance with RHS Plan requirements. Once the review is complete, and any outstanding questions are answered, ICMA-RC will send you:

- a written Notice of Plan Acceptance
- a sample RHS employee enrollment kit
- a customized Announcement Letter that may be provided to your employees during enrollment
- complete instructions for submitting RHS Plan contributions (these instructions may also be found in Chapter Three of the VantageCare RHS Employer Manual, available in the Publications tab of EZLink once your plan is established).

INSTRUCTIONS FOR SECTION II: ADOPTION DOCUMENTS TO RETAIN IN YOUR FILES

Model VantageCare RHS Plan Declaration of Trust

- Review the Model Trust document. You may wish to review this document with counsel.
- Complete the title page of the Trust document with the name of the employer adopting the RHS Plan.
- Complete the blanks on pages III:43 and III:44.
- Execute the Trust. The employer and Trustee should sign. If the employer has been named Trustee, the employer should sign in both places as indicated.
- Retain the executed Trust document with your other RHS Plan materials.

PLEASE NOTE

If you make revisions to the Model Trust document, you must provide a copy to ICMA-RC for review prior to adoption of your RHS Plan. This review will be expedited if you provide a “redlined” version of the document, indicating provisions that have been revised.

Sample Retiree Welfare Benefits Plan

- Determine if you already have a welfare benefits plan in place that outlines the benefits available to your employees/retirees covered by the RHS Plan. You may wish to review this with counsel to determine if existing personnel policies or memoranda of understanding may be used.
- If you do not have a welfare benefits plan in place, review the sample welfare benefits plan. You may wish to review this document with counsel.
- Give the sample plan a name, such as City of XYZ Retiree Welfare Benefits Plan, and put this name in the RHS Adoption Agreement, Article IV.
- Complete the blanks in the Preamble and Section 1.01.
- Complete the blanks in Section 2.09, “Plan Year”. For purposes of the RHS Plan, most employers use a calendar year to coincide with the individual participant’s tax year.

- Complete the blank in Section 9.12 with the name of the State you are located in.
- Execute the document by signing it as indicated.
- Retain the executed Welfare Benefits Plan document with your other RHS Plan materials.

PLEASE NOTE

ICMA-RC does not need a copy of the Welfare Benefits Plan document, even if you make revisions to the document.

Private Letter Ruling on Integral Part Trust

ICMA-RC obtained a Private Letter Ruling (PLR) from the Internal Revenue Service (IRS) approving the tax-exempt status of the integral part trust. This PLR was obtained in conjunction with the first adopting RHS employer in late 1999.

The PLR included in this Booklet is for your information. You may want to keep it with your other RHS Plan materials.

Your use of ICMA-RC’s model integral part trust document will provide you with comfort that the trust for your RHS Plan is also within the IRS’ requirements for integral part trusts. This is similar to the comfort provided when you use ICMA-RC’s model 457 or 401 plan documents.

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC’s VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. The employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.



SECTION II:

ADOPTION DOCUMENTS TO RETURN TO ICMA-RC



SUGGESTED RESOLUTION FOR ADOPTION

AND

SUGGESTED AFFIRMATIVE STATEMENT OF ADOPTION

SUGGESTED RESOLUTION FOR ADOPTION
and
SUGGESTED AFFIRMATIVE STATEMENT OF ADOPTION
SUGGESTED RESOLUTION FOR ADOPTION OF THE
VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN

Plan Number: 8 _____

Name of Employer: _____ State: _____

Resolution of the above-named Employer (the "Employer"):

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the establishment of a retiree health savings plan for such employees serves the interests of the Employer by enabling it to provide reasonable security regarding such employees' health needs during retirement, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that the establishment of the retiree health savings plan (the "Plan") serves the above objectives;

NOW, THEREFORE BE IT RESOLVED, that the Employer hereby adopts the Plan in the form of the ICMA Retirement Corporation's VantageCare Retirement Health Savings program.

BE IT FURTHER RESOLVED that the assets of the Plan shall be held in trust, with the following entity or individual serving as trustee (Select one):

- the Employer
- the following position within the Employer: _____
(insert title of individual acting as trustee)
- the following group or committee within the Employer: _____
(insert group or committee acting as trustee)
- the following third-party trustee: _____
(insert name of third-party trustee)

for the exclusive benefit of Plan participants and their survivors, and the assets of the Plan shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan. The Employer has executed the Declaration of Trust of the _____ Integral Part Trust in the form of: (Select one)

- The model trust made available by the ICMA Retirement Corporation
- The trust provided by the Employer (executed copy attached hereto).

BE IT FURTHER RESOLVED, that the _____ shall be the coordinator and contact for the Plan and shall receive necessary reports, notices, etc.

I, _____, Clerk of the _____ of _____, do hereby certify that the foregoing resolution, proposed by _____, was duly passed and adopted in the _____ of the _____ of _____, at a regular meeting thereof assembled this _____ day of _____, 20 _____, by the following vote:

AYES:
NAYS:
ABSENT:

(Seal) Clerk's Signature: _____
Clerk's Title: _____

SUGGESTED AFFIRMATIVE STATEMENT FOR ADOPTION OF THE VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN

Plan Number: 8 _____

Name of Employer: _____ State: _____

Affirmative Statement of the above-named Employer (the "Employer"):

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the establishment of a retiree health savings plan serves the interests of the Employer by enabling it to provide reasonable security regarding such employees' health needs during retirement, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that the establishment of the retiree health savings plan (the "Plan") serves the above objectives;

NOW THEREFORE, as a duly authorized agent of the Employer, I hereby:

ESTABLISH the Employer's Plan in the form of the ICMA Retirement Corporation's VantageCare Retirement Health Savings program; and

SPECIFY that the assets of the Plan shall be held in trust, with the following entity or individual serving as trustee (Select one):

- the Employer
- the following position within the Employer: _____
(insert title of individual acting as trustee)
- the following group or committee within the Employer: _____
(insert group or committee acting as trustee)
- the following third-party trustee: _____
(insert name of third-party trustee)

for the exclusive benefit of the Plan participants and their survivors, and the assets of the plan shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan. The Employer has executed the Declaration of trust of the _____ Integral Part Trust in the form of: (Select one)

- The model trust made available by the ICMA Retirement Corporation
- The trust provided by the Employer (executed copy attached hereto).

SPECIFY that the _____ shall be the coordinator and contact for the Plan and shall receive necessary reports, notices, etc.

DATE: _____

Title of Designated Agent

Signature

INSTRUCTIONS FOR COMPLETING THE EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN ADOPTION AGREEMENT

The Employer VantageCare Retirement Health Savings (RHS) Plan Adoption Agreement (pages II:23 through II:28) specifies the details of how your RHS Plan will operate. For example, the adoption agreement details employee eligibility requirements, sources of contributions, the level of contributions, vesting provisions (if any), the types of benefits that will be funded by the RHS Trust, and procedures to be followed in case of the death of the employee. The following instructions outline how the adoption agreement should be completed. Any questions regarding the adoption agreement can be directed to your ICMA-RC Retirement Plans Specialist. You may also wish to consult with your benefits counsel.

Plan Number

Please insert your RHS Plan number. The Plan number can be found on the front of your RHS Plan Administrative Services Agreement included with your RHS Plan adoption materials.

New Plan or Amendment to Existing Plan

Check the appropriate box to specify whether you are establishing a new RHS Plan or amending an existing Plan.

PLEASE NOTE

If you are amending an existing RHS Plan, please complete the entire Adoption Agreement, including items that are not being amended. When you send your amended document to us, please summarize the changes in your cover letter.

Employer Retirement Health Savings Plan Name

Enter the name of your RHS Plan (e.g., City of City name RHS Plan for General Employees).

I. Employer Name and State

Enter the official name of the employer sponsoring the RHS Plan (e.g. City of City name) and your State.

III. Effective Date of the Plan

Enter the date your RHS Plan will become effective.

The effective date determines the employees that may participate - employees that separate from service prior to the effective date may not participate.

IV. Welfare Plan

Enter the name(s) of the employee welfare benefit plan(s) that will be funded through the RHS Plan (e.g., City of City name Retiree Welfare Benefits Plan). If you do not already have a retiree welfare plan in place, a sample plan is provided in Section III of the booklet.

V. Eligible Groups, Participation and Participant Eligibility Requirements

A. Eligible Groups: This section is used to designate the employee group(s) that is covered under your RHS Plan. The coverage group specified in your adoption agreement should correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents in effect in your state or locality.

One Plan vs Multiple Plans: If you intend to provide different program features that must be administered differently by ICMA-RC for each group to different groups of employees, you must establish distinct RHS Plans and complete a separate adoption agreement for each group. Features that require separate plans are as follows:

- Vesting Schedule (Section VII.A.)
- Forfeiture Allocation Provision (Section VIII.)
- Permissible Medical Benefit Payments (Section X.)

PLEASE NOTE

You may want to establish separate RHS Plans even if separate plans are not required. For example, if you establish different benefit eligibility criteria in Section IX for different employee groups, you may want to establish separate plans for these groups in order to make plan administration simpler.

If the only difference in your plan is in the contribution structure (e.g., types of contributions or contribution limitations), you may include all employee groups in one plan or establish separate plans. Some employers prefer to keep employee groups separate for payroll processing or collective bargaining reasons.

Welfare Plan Nondiscrimination Rules:

Please note that if your RHS Plan covers any non-collectively bargained employees, AND if it provides for reimbursement of any medical expenses other than insurance premiums, the welfare plan nondiscrimination rules will apply. More information regarding these rules is available in the VantageCare RHS Plan Questions And Answers For Employers, the VantageCare RHS Plan Employer Manual, and the Summary of Welfare Plan Nondiscrimination Rules included in this package.

- B. Participation:** The RHS Plan requires participation of all employees in the covered group (Mandatory Participation). Employees may not opt out of participation as long as they are in the covered group(s) (current employees and future hires).
- C. Employee Eligibility:** If desired, you may specify a minimum period of service (e.g. 6 months) and/or minimum age (e.g. age 21) requirement. Employees that have not met these requirements may not join the plan under the Mandatory Participation.

VI. Contribution Sources and Amounts

This section defines the amount and types of contributions to your RHS Plan.

A. Definition of Earnings

The definition of Earnings specified in this section will be used for purposes of all contribution types included in your RHS Plan:

- » direct employer contributions made as a percentage of earnings
- » mandatory contributions of Employee compensation

B. Direct Employer Contributions and Mandatory Employee Contributions

You may choose to include the following contribution types in your RHS Plan:

- » direct employer contributions
- » mandatory contributions of Employee accumulated unused leave
- » mandatory contributions of Employee compensation, or

- » a combination of the above.

Employees that are mandatorily participating in the RHS Plan will receive these contributions.

1. Direct employer contributions

Direct employer contributions can be made as a

- » percentage of earnings
- » specific dollar amount each Plan year per participant, or
- » a discretionary amount to be determined each year.

Direct employer contributions may be contributed in a lump sum, each pay period, or under any schedule determined by the Employer.

No FICA (Social Security and Medicare taxes) or federal income tax are payable at the time of contribution, and, if used for medical expenses of the participant, spouse or dependent, no FICA or federal income tax are payable at distribution. Where states follow federal income tax rules, state income taxes generally are not payable. Check with your state income tax department for additional information.

2. Mandatory Employee Compensation Contributions

Mandatory contributions of Employee compensation can be used as a way to share responsibility for funding your retirement health plan with your Employees.

You can establish a compensation contribution formula that best fits the needs of you and your covered Employees. For example, mandatory compensation contributions may take the form of either a reduction in salary (e.g., 1% of compensation is contributed to the Plan) or a decrease in the annual pay plan or merit increase (e.g., 1% of a 3% pay plan adjustment is contributed to the Plan). Mandatory contributions of Employee compensation are established by the Employer – ***Employees may not choose whether or not to make these contributions and they may not revise the contribution amount.***

No FICA (Social Security and Medicare taxes) or federal income tax are payable at the time of contribution, and, if used for medical expenses of the participant, spouse or dependent, no

FICA or federal income tax are payable at distribution. Where states follow federal income tax rules, state income taxes generally are not payable. Check with your state income tax department for additional information.

3. Mandatory Employee Leave Contributions

Mandatory contributions of Employee leave can be used as a way to share responsibility for funding your retirement health plan with your Employees.

You can establish an unused leave contribution formula that best fits the needs of you and your covered Employees. For example, you might require all accumulated leave in excess of a certain number of hours to be contributed to the RHS Plan on an annual basis. Mandatory contributions of Employee accrued leave are established by the Employer – ***Employees may not choose whether or not to make these contributions and they may not revise the contribution amount.***

No FICA (Social Security and Medicare taxes) or federal income tax are payable at the time of contribution, and, if used for medical expenses of the participant, spouse or dependent, no FICA or federal income tax are payable at distribution. Where states follow federal income tax rules, state income taxes generally are not payable. Check with your state income tax department for additional information.

PLEASE NOTE

Direct employer contributions made as a percentage of earnings, mandatory contributions of employee compensation that are made as a percentage of earnings or a discretionary amount that varies from Employee to Employee, as well as mandatory contributions of accumulated leave may subject to the plan to welfare plan nondiscrimination testing on non-insurance benefits paid. See the discussion in the VantageCare RHS Plan Questions and Answers For Employers and the VantageCare RHS Employer Manual, or contact your benefits counsel. RHS reimbursements that are considered to be “discriminatory” under these rules are reportable as taxable income to the retiree. See the VantageCare RHS Employer Manual for information on tax reporting of these payments.

C. Limits on Contributions

This section is used to establish an overall limitation on total contributions to each individual participant’s RHS account, if you wish to do so. While this is not a requirement of the program, you may do so to ensure that the RHS Plan does not provide benefits in excess of reasonable benefits normally provided by such a welfare plan. You may wish to speak with your benefits counsel.

You may limit total contributions to a specific percentage of earnings (as defined in this section) or a specific dollar amount. If you choose to place an overall limit on contributions, at the end of each Plan year, you will test total contributions from all sources (direct employer and mandatory employee) against your limit for each participant account. Contributions in excess of the limitation should be returned to the Participant as compensation or leave as the case may be, and the Participant’s Form W-2 should be adjusted accordingly for the year the compensation is returned.

Limits on each individual type of contribution (e.g., mandatory employee) are established within sections VI.A. and B.

RECORDKEEPING OF CONTRIBUTION TYPES

Note that the IRS considers direct employer contributions and mandatory accrued leave and mandatory compensation contributions, to be employer contributions. In other words, ***all contributions are considered to be employer contributions.*** However, ICMA-RC will recordkeep the direct employer contributions as a distinct source for participant reporting purposes. All other types of employee contributions -- mandatory accrued leave and mandatory employee compensation -- will be combined and shown as employee pre-tax contributions on participant statements.

The VantageCare RHS Employer Manual includes directions on how to report your contribution detail properly via EZLink.

VII. Vesting for Direct Employer Contributions

A. Vesting Schedule

You may place a vesting schedule on Direct Employer Contributions (Section VI.A.1). There is no minimum or maximum vesting period for RHS Plans. Examples of vesting schedules include:

- » 100% immediate vesting
- » cliff vesting (e.g., 100% vesting after 5 years of service)
- » graduated vesting (e.g., 10% vesting for each year of service with 100% vesting after 10 years)
- » vesting at retirement or some other specified event.

The RHS Plan default is 100% vesting for Direct Employer Contributions.

ICMA-RC will calculate vesting for each participant account if you choose a vesting schedule based on years of service. If you choose vesting at retirement or some other specified event, you will notify ICMA-RC via EZLink when 100% vesting occurs.

Mandatory employee contributions are always 100% vested.

B. Vesting Upon Certain Events

A participant's Direct Employer Contributions will automatically become 100% vested upon the Participant's

- » death
- » disability (as defined in Section IX.C)
- » retirement (as defined in Section VII.B.), and
- » attainment of benefit eligibility (as determined in Section IX).

You must define "retirement" for vesting purposes in this section.

PLEASE NOTE

If you establish benefit eligibility as separation from service, participants will become 100% vested in their Direct Employer Contributions immediately upon separation regardless of their years of service. If you do not wish for full vesting to occur at separation, you should establish benefit eligibility as an event other than separation (e.g., separation and a specific age, or one month after separation from service).

C. Rehired Employees

If an RHS participating Employee separates from service and is then rehired into a group covered by the same RHS Plan, the service completed prior to the Employee's first separation will not count for vesting purposes. The account balance, including any Direct Employer Contributions that were contributed prior to the first separation, will be subject to vesting as if the employee had no accumulated service.

VIII. Forfeiture Provisions

All RHS plans must contain a forfeiture provision, even if there is no vesting schedule on Direct Employer Contributions.

The forfeiture provision you specify in this section may be used in two situations:

- » Your RHS plan includes direct employer contributions subject to vesting: when a participant separates from service prior to attaining full vesting, the nonvested assets will be forfeited and used as you direct in this Section.
- » Upon the death of a participant: If there are no surviving spouse or dependents, remaining assets will revert to your RHS Trust to be utilized as you direct in this Section. Note that as long as there is a surviving spouse or dependent, no forfeiture will occur.

There are four forfeiture allocation methods:

- » Forfeited amounts will be used to offset your direct employer contributions for the next and succeeding contribution cycles until the forfeitures are depleted.
- » Forfeited amounts will be reallocated on an equal dollar basis among remaining plan participants.

- » Forfeited amounts will be reallocated among remaining plan participants based on account balances.
- » Forfeited amounts will revert to the employer to be used for any purpose. It is anticipated that few employers will choose this option, in order that RHS assets will continue to be used for the intended purpose of the RHS Plan for remaining participants.

Regardless of which forfeiture allocation method you choose, you must inform ICMA-RC at the time you wish to use the forfeited funds as outlined in the VantageCare RHS Employer Manual.

IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan

A. General Benefit Eligibility

This section defines your primary benefit eligibility provision(s). You may designate eligibility at:

- » Retirement (as defined in this Section or in Section VII.B).
- » Separation from service, with restrictions defined by the employer, if desired (e.g., separation from service and attainment of age 55). If no restrictions are desired, write “N/A” or “None” in the blank.
- » Attainment of a certain age.
- » A combination of retirement and a certain age.
- » Retirement or a certain age.

B. Termination Prior to General Benefit Eligibility

Use this section to specify benefit eligibility criteria for Employees that separate from service prior to attaining the general benefit eligibility you have selected in Section A. For example, if your general benefit eligibility criterion requires Employees to “retire” before they become eligible for benefits, you may have some Employees that separate from service prior to “retirement”; in this situation, you need to designate a specific time for those early-separating Employees to become eligible for benefits. You might specify immediate eligibility or a certain age (e.g. age 65 or the retirement age provided under your general pension program). If you do not specify benefit eligibility criteria in Section B., Employees that

leave employment prior to attainment of your general benefit eligibility may never attain benefit eligibility, and their account will not be available for use until the Employee’s death.

C. Benefit Eligibility at Disability

Your RHS-participating Employees will automatically become eligible for medical benefit payments if they are disabled according to the definition chosen in this section. In all cases, you must notify ICMA-RC via EZLink when a participant is disabled under the definition you provide in this Section.

D. Benefit Eligibility at Death

Upon the death of the participating Employee, the surviving spouse and dependents will automatically become eligible for tax-free medical expense reimbursement. If there are no surviving spouse or dependents, the account balance will revert to the Employer’s RHS Trust to be reallocated as forfeitures under Section VIII. See Section XI.

X. Permissible Medical Benefit Payments

This section is used to designate the medical expenses that will qualify for reimbursement under your RHS Plan. You may offer reimbursement for all qualifying medical expenses as defined in Internal Revenue Code Section 213 (i.e. medical costs that would otherwise be deductible to the Employee on his or her individual income tax return) other than (i) direct long-term care expenses, and (ii) expenses paid after December 31, 2010, for medicines or drugs which are not prescribed drugs (other than insulin).

Alternatively, you may allow reimbursement of only specific types of medical expenses. For example, reimbursements may be made available only for health insurance premiums, COBRA premiums, Medicare supplemental insurance premiums, dental insurance premiums, out-of-pocket medical costs, qualified long-term care insurance, etc. You may allow reimbursement for only one benefit, or for any combination of qualifying medical costs. Information about what constitutes a qualifying medical expense can be found in IRS Publication 502, Medical and Dental Expenses (available on the IRS Web site at <http://www.irs.gov/>).

Note: Under current IRS rules for programs such as the RHS Plan, direct long-term care expenses are not an allowable expense. However, qualifying long term care insurance premiums are an allowable expense.

PLEASE NOTE

Each of the medical expense types listed in the second check box is included in “All Medical Expenses” (the first check box). If you intend to include all qualifying medical expenses in your Plan’s reimbursement rules, you should check the first box, rather than checking every item in the second check box.

PLEASE NOTE

If you include any non-insurance expenses as permissible medical benefit payments, you may need to perform welfare plan nondiscrimination testing. See the discussion in the *VantageCare RHS Plan Questions and Answers For Employers* and the *VantageCare RHS Employer Manual* or contact your benefits counsel.

XI. Benefits After the Death of the Participant

This section defines the treatment of the participant’s account balance at death.

A. Surviving Spouse and/or Surviving Dependents

Upon the death of the participant, the surviving spouse and/or surviving eligible dependents are immediately eligible to maintain the account and utilize it only for the purpose of reimbursing eligible medical benefits.

When a participant dies, ICMA-RC must be notified by the filing of the *VantageCare RHS Plan Decedent Information Form*. ICMA-RC will create a new account in the name of the spouse or the oldest dependent (if there is no spouse) and move all funds into Dreyfus Cash Management fund* (or another default investment fund named by the Employer). The transferee may move the money into other investments once the new account has been established.

If the deceased participant’s account balance is not fully depleted upon the death of the surviving

spouse, remaining dependents may continue to use the account. Upon the death of all eligible dependents, the account balance will revert to the Employer’s RHS Trust to be reallocated as forfeitures under Section VIII.

B. No Surviving Spouse or Dependents

If there are no surviving spouse or dependents, the account balance will revert to the Employer’s RHS Trust to be reallocated as forfeitures under Section VIII.

When a participant dies, ICMA-RC must be notified by the filing of the *VantageCare RHS Plan Decedent Information Form*.

XII. Other Provisions

This section defines other provisions of the RHS Plan, including:

- » RHS Plan administration must be accomplished via ICMA-RC’s EZLink System.
- » RHS Plan fee payment.
- » Definition of dependent.
- » Employer responsibilities for tax reporting and remittance for payments deemed taxable under the nondiscrimination rules.

XIII. Employer Acknowledgements

- A. This section acknowledges that the Employer understands the significance of completing the Adoption Agreement properly to safeguard the tax-free status of the contributions and distributions from the Plan.
- B. If you have policies or procedures (such as Memoranda of Understanding or Personnel Policies) referenced in this document that you wish to be a part of this plan, you should check the box in this section, indicating that you are attaching these documents as part of your Employer Signature Plan.

After you have completed the Adoption Agreement, it should be signed and returned to ICMA-RC with the other documents outlined in VantageCare RHS Plan Adoption Materials above.

**An investment in the Dreyfus Cash Management money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. You may visit us at www.icmarc.org or call 800-669-7400 to obtain a prospectus that contains this and other information about the fund. Read the prospectus carefully before investing.*

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC's VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. Employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.



**EMPLOYER VANTAGECARE
RETIREMENT HEALTH SAVINGS (RHS) PLAN
ADOPTION AGREEMENT**

**EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN
ADOPTION AGREEMENT**

Plan Number: 8 03453 Check one: New Plan Amendment to Existing Plan

Employer Retirement Health Savings Plan Name:

I. **Employer Name:** City of Sacramento State: CA

II. **The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.**

III. **Effective Date of the Plan:** July 1, 2014

IV. **The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer:** City of Sacramento (insert name per page 43 in section III)

V. Eligible Groups, Participation and Participant Eligibility Requirements

A. Eligible Groups

The following group or groups of Employees are eligible to participate in the VantageCare Retirement Health Savings Plan (check all applicable boxes):

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees – Police
- Public Safety Employees – Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit(s)) Rep Unit 02, hired before September 3, 2013
- Other (specify group(s)) _____

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

B. Participation

Mandatory Participation: All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

C. Participant Eligibility Requirements

1. Minimum service: The minimum period of service required for participation is N/A (write N/A if no minimum service is required).
2. Minimum age: The minimum age required for eligibility to participate is N/A (write N/A if no minimum age is required).

VI. Contribution Sources and Amounts

A. Definition of Earnings

The definition of Earnings will apply to all RHS Contribution Features that reference “Earnings”, including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: Mandatory Employee Compensation Contributions as defined below.

B. Direct Employer Contributions and Mandatory Contributions

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant

- _____ % of Earnings
 - \$ _____ each Plan Year
 - A discretionary amount to be determined each Plan Year
 - Other (describe): _____
-

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary - _____ % of Earnings or \$ 240 will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees’ annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of Mandatory Contributions of Employee Compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining Mandatory Employee Leave contributions):

- Accrued Sick Leave _____
 - Accrued Vacation Leave _____
 - Other (specify type of leave) Accrued _____ Leave
-

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

C. Limits on Total Contributions (check one box)

The total contribution by the Employer on behalf of each Participant (including Direct Employer and Mandatory Employee Contributions) for each Plan Year shall not exceed the following limit(s) below. Limits on individual contribution types are defined within the appropriate section above.

- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.
- _____ % of earnings*
 - *Definition of earnings: Same as Section VI.A.. Other
- \$ _____ for the Plan year.

See Section V.B. for a discussion of nondiscrimination rules that may apply to non-collectively bargained self-insured Plans.

VII. Vesting for Direct Employer Contributions

A. Vesting Schedule (check one box)

- The account is 100% vested at all times.
- The following vesting schedule shall apply to Direct Employer Contributions as outlined in Section VI.B.1.:

Years of Service Completed	Vesting Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

B. The account will become 100% vested upon the death, disability, retirement*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.

*Definition of retirement (check one box):

- Retirement as defined in the primary retirement plan of the Employer
- Separation from service
- Other _____

C. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.

VIII. Forfeiture Provisions

Upon separation from the service of the Employer prior to attainment of benefit eligibility (as outlined in Section IX), or upon reversion to the Trust of a Participant's account assets remaining upon the participant's death (as outlined in Section XI), a Participant's non-vested funds shall (check one box):

- Remain in the Trust to be reallocated among all remaining Employees participating in the Plan as Direct Employer Contributions for the next and succeeding contribution cycle(s).
- Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants.
- Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.
- Revert to the Employer.

IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan

A. A Participant is eligible to receive benefits:

- At retirement only (also complete Section B.)
Definition of retirement:
 - Same as Section VII.B.
 - Other _____

- At separation from service with the following restrictions
 - No restrictions
 - Other _____

- At age _____ only
- At retirement and age _____ (also complete section B)
Definition of retirement:
 - Same as Section VII.B.
 - Other _____

- At retirement **or** age _____
Definition of retirement:
 - Same as Section VII.B.
 - Other _____

- Other, specified as follows (also complete Section B if applicable): _____

B. Termination prior to general benefit eligibility: In the case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from the service of the Employer prior to retirement will be eligible to receive benefits:

- Immediately upon separation from service.
- At age _____ .

C. A Participant that becomes totally and permanently disabled

- as defined by the Social Security Administration
- as defined by the Employer's primary retirement plan
- other _____

will become immediately eligible to receive medical benefit payments from his/her VantageCare Retirement Health Savings Plan account.

D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.

X. Permissible Medical Benefit Payments

Benefits eligible for reimbursement consist of:

- All Medical Expenses eligible under IRC Section 213* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin).
- The following Medical Expenses eligible under IRC Section 213* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin). Select only the expenses you wish to cover under the VantageCare Retirement Health Savings Plan:
 - Medical Insurance Premiums
 - Medical Out-of-Pocket Expenses*
 - Medicare Part B Insurance Premiums
 - Medicare Part D Insurance Premiums
 - Medicare Supplemental Insurance Premiums
 - Prescription Drug Insurance Premiums
 - COBRA Insurance Premiums
 - Dental Insurance Premiums
 - Dental Out-of-Pocket Expenses*
 - Vision Insurance Premiums
 - Vision Out-of-Pocket Expenses*
 - Qualified Long-Term Care Insurance Premiums
 - Non-Prescription medications allowed under IRS guidance*
 - Other qualifying medical expenses (describe)*

* See Section V.A. for a discussion of nondiscrimination rules which may apply to non-collectively bargained, self-insured Plans.

XI. Benefits After the Death of the Participant

In the event of a Participant's death, the following shall apply:

A. Surviving Spouse and/or Surviving Dependents

The surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits specified in Section X above.

Upon notification of a Participant's death, the Participant's account balance will be transferred into Dreyfus Cash Management fund* (or another fund selected by the Employer). The account balance may be reallocated by the surviving spouse or dependents.

**An investment in the Dreyfus Cash Management money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. You may visit us at www.icmarc.org or call 800-669-7400 to obtain a prospectus that contains this and other information about the fund. Read the prospectus carefully before investing.*

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert to the Plan to be applied as specified in Section VIII.

B. No Surviving Spouse or Surviving Dependents

If there are no living spouse or dependents at the time of death of the Participant, the account will revert to the Plan to be applied as specified in Section VIII.

XII. The Plan will operate according to the following provisions:

A. Employer Responsibilities

- 1. The Employer will submit all VantageCare Retirement Health Savings Plan contribution data via electronic submission.
- 2. The Employer will submit all VantageCare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification and benefit eligibility notification.

B. Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.

C. Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her Survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to a third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).

D. An eligible dependent is (a) the Participant’s lawful spouse, (b) the Participant’s child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.

E. The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the VantageCare Retirement Health Savings Plan Employer Manual.

XIII. Employer Acknowledgements

A. The Employer hereby acknowledges it understands that failure to properly fill out this Employer VantageCare Retirement Health Savings Plan Adoption Agreement may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.

B. Check this box if you are including supporting documents that include plan provisions.

EMPLOYER SIGNATURE

By: John F. Shirey _____

Date: _____

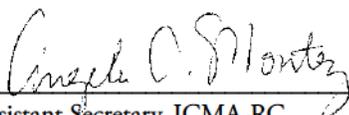
Title: City Manager _____

Attest: Shirley Concolino _____

Date: _____

Title: City Clerk _____

Accepted: VANTAGEPOINT TRANSFER AGENTS, LLC



Assistant Secretary, ICMA-RC



EMPLOYER IMPLEMENTATION DATA FORM

INSTRUCTIONS FOR COMPLETING THE VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN IMPLEMENTATION DATA FORM

Please ensure that each section of this form is completed before returning it to ICMA-RC along with the other RHS Plan adoption materials. You may contact Employer Services at 1-800-326-7272 if you have questions.

The following list of designations should help you while completing the Implementation Data Form:

5. Primary Contact

This person is responsible for the day-to-day administration and processing of RHS transactions. This is the person we call if general questions arise concerning your RHS Plan. ICMA-RC will also call this person regarding all EZLink transmission questions with the exception of questions regarding contributions.

14. Claims Contact

This person(s) will be responsible for coordinating with the RHS third-party claim administrator.

17. Contribution Contact

This person is responsible for sending contributions to ICMA-RC. If there are discrepancies in the actual EFT, check or wire amounts and the corresponding detail transmitted via EZLink, this is the person we will contact to resolve the issue. This person should have access to all payroll/contribution information to ensure efficient processing of contributions.

18. Trustee

The title of this person is designated in the resolution, if required by state or local law. If a different person obtains the same title, you may use this form to update the name change. If your state or local law requires a resolution, you must have your legislative body pass a new resolution to update the title of the person designated as Trustee. This person will receive all quarterly statements as well as confirmations for each contribution received and confirmations for all reinvested dividends.

19. Billing (Fees)

If ICMA-RC charges any employer paid fees to your account, this person will receive the invoices.



VantageCare Retirement Health Savings Plan Implementation Data Form – Page 1

Instructions to Employer: Provide necessary information to establish your plan properly.
Please contact your New Business Analyst at 1-800-326-7272, if you have any questions.

ICMA-RC Use Only: Employer # _____

General Information	<p>1. (902) Employer's Full Name: <u>City of Sacramento</u></p> <p>2. (924) Street Address: <u>915 I Street, Historic City Hall, Room 18</u> (925) _____</p> <p>3. (918) City: <u>Sacramento</u> (919) State: <u>CA</u> (920) Zip Code: <u>95814</u></p> <p>4. (633) Primary Contact: <u>Kimberly Isaacs</u></p> <p>5. (634) Primary Contact Title: <u>Benefits Manager</u></p> <p>6. (631) Primary Contact Telephone #: (<u>916</u>) <u>808-7657</u></p> <p>7. (632) Fax #: (<u>916</u>) <u>808-7326</u></p> <p>8. (PT00) E-mail Address: <u>kisaacs@cityofsacramento.org; ddeprato@cityofsacramento.org</u> <i>This email will be used to provide an electronic copy of your plan summary.</i></p> <p>9. (882) Employer's Federal Tax Identification Number: _____</p> <p>10. # of Employees: <u>5000</u> 11. # of Employees Eligible for Plan Participation: <u>40</u></p> <p>12. # of Employees Eligible to Receive Medical Benefits upon plan implementation: <u>40</u></p>
Plan Implementation Information	<p>13. (611) Contribution Information: (Note: * = default)</p> <p>a. Frequency: (check one): <input checked="" type="checkbox"/> (0) Bi-weekly* <input type="checkbox"/> (4) Monthly <input type="checkbox"/> (8) Semi-quarterly <input type="checkbox"/> (1) Weekly <input type="checkbox"/> (5) Semi-Monthly <input type="checkbox"/> (9) Bi-annually <input type="checkbox"/> (2) Semi-weekly <input type="checkbox"/> (6) Bi-quarterly <input type="checkbox"/> (10) Annually <input type="checkbox"/> (3) Bi-monthly <input type="checkbox"/> (7) Quarterly <input type="checkbox"/> (11) Semi-annually <input type="checkbox"/> () Other: _____</p> <p>b. Deposit Medium: (624) <input type="checkbox"/> Check * <input type="checkbox"/> Wire <input checked="" type="checkbox"/> EFT</p> <p>c. Data Medium: EZLink Required to participate in RHS Plan</p> <p>d. First Contribution Date Following Implementation: <u>??</u></p>



VantageCare Retirement Health Savings Plan Implementation Data Form – Page 2

<p>Default Investment Option</p>	<p>The default fund will be used if a participant does not provide valid allocation instructions.</p> <p>If you do not make an election in this section, the Milestone Fund with the target date closest to a participant's 60th birthday will be used as your plan's default option.</p> <p>You may select the "Alternative Default" option if you would like to use a fund (or funds) other than the Milestone Funds as your plan's default option. Please see ICMA-RC's Standard Plan Fund Lineup at www.icmarc.org to complete this section.</p> <p>Note: Prior to selecting the "Alternative Default" option, employers should carefully review the Department of Labor's final regulations on qualified default investment alternatives (QDIAs). More information is available online at www.dol.gov or www.icmarc.org/ppa.</p> <p>Default Fund for Investment Allocations (Select one option):</p> <p><input checked="" type="checkbox"/> The Milestone Funds (Default) with a target retirement age of:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Age 60 (Default)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Age <u>57</u> (Input the Target Retirement Age to be used for your plan)</p> <p><input type="checkbox"/> Alternative Default _____ (Input the fund name that will be used as the plan's default investment option)</p>
<p>Claims Contact Information</p> <p>Please indicate alternate addresses in Comments Section</p>	<p>Plan Contacts (Complete item #18. If item #14-17 and 19 are left blank, the Primary Contact in #4 will receive mailings.)</p> <p>14. PT01 Contact Signature: _____ (200) Contact Name: <u>Kimberly Isaacs</u> (210) Contact Title: <u>Benefits Manager</u> (420) Telephone: (<u>916</u>) <u>808-7657</u> (421) Fax: (<u>916</u>) <u>808-7326</u></p> <p>15. PT08 Contact Signature: _____ (200) Contact Name: <u>Lori Swinehart</u> (210) Contact Title: <u>Program Analyst</u> (420) Telephone: (<u>916</u>) <u>808-6695</u> (421) Fax: (<u>916</u>) <u>808-7326</u></p> <p>16. PT09 Contact Signature: _____ (200) Contact Name: <u>Evelia Barrios</u> (210) Contact Title: <u>Personnel Technician</u> (420) Telephone: (<u>916</u>) <u>808-5725</u> (421) Fax: (<u>916</u>) <u>808-7326</u></p>
<p>Contribution Contact Information</p>	<p>17. PT02 (200) Contact Name: <u>Gary Clark</u> (210) Contact Title: <u>Principal Accountant</u> (420) Telephone: (<u>916</u>) <u>808-5209</u> (421) Fax: (<u>916</u>) <u>808-5444</u></p>



EZLINK ACCESS FORM



EZLINK ACCESS FORM INSTRUCTIONS

Who should use the EZLink Access form?

Plan Sponsors who would like to receive an EZLink USER ID and password for the first time and those who would like to change the access on a particular USER ID.

<p>1 Plan Coordinator Information</p>	<p>Please provide the name of the person at your plan who is designated as the plan coordinator. This person should also authorize access at the end of this form. If you want to verify your current plan coordinator, please call our Client Services Team at 1-800-326-7272 between 8:30 a.m. and 7:30 p.m. Eastern Time.</p>
<p>2 Adoption of Online Withdrawal Approval</p>	<p>Select this option to adopt online withdrawals.</p>
<p>3 Password Holder Information</p>	<p>We will use the information that you provide in this section to establish EZLink User ID's and passwords for additional members of your staff.</p> <p>If this is a change, please make sure to enter the staff members current User ID.</p> <p>To reassign this User ID to a new staff member, please provide the new users password holder information including their level of access.</p> <p>To update the current password holder's information, enter the new information.</p> <p>To remove this User ID, check the "Delete User ID" box. This will remove all information currently on file for this User ID and make it available for future use.</p> <p>Inquiry Balances/Reports: access plan and participant level information, including balances and investment allocations and view reports</p> <p>Enrollments/Rehires: enroll or rehire a participant online</p> <p>Participant Changes: update participant information such as name, address, marital status, title, phone number</p> <p>Contribution & Loan Repayments Detail: process contributions and loan repayments online using a prior payroll or submit pre-formatted files (in ICMA-RC format)</p> <p>Participant Data Transfer: submit a preformatted participant demographic change file (in ICMA-RC format) which includes enrollments, participant updates and view a customized data verification report.</p>
<p>4 Plan Coordinator Approval</p>	<p>Please have the plan coordinator sign and date this EZLink Access Form.</p>
<p>Minimum System Recommendations</p>	<ul style="list-style-type: none"> ⌚ Netscape Navigator Version 6.1, OR Microsoft Internet Explorer 5.0 ⌚ 128 Bit Encryption ⌚ High speed Internet access or minimum 56K modem ⌚ Pentium class PC ⌚ Windows NT, 1995 or later <p style="text-align: center;">OTHER SYSTEMS ARE NOT RECOMMENDED</p>

Please fax your completed EZLink Access Form to the "EZLink Administrator" at 1-202-962-4601

FRM000-019-200508



EZLINK ACCESS FORM – PAGE 1 OF 2

Plan Name* _____

Number* _____

Other Plan Number(s) (If Applicable) _____

(*This information must be completed to avoid processing delays.)

<p>1 Plan Coordinator Information</p>	<p>Plan Coordinator Name: _____ Title: _____ Phone Number: _____ Fax: _____ Email Address: _____ Mailing Address: _____ City: _____ State: _____ Zip: _____</p>																		
<p>2 Adoption of Online Withdrawal Approval</p>	<p><input type="checkbox"/> We hereby adopt Online Withdrawals and authorize ICMA-RC to permit disbursements from participant accounts upon receipt of termination dates. Additionally, we understand Online Withdrawals are only available for 401 and 457 plans, termination dates should be submitted in a timely manner, and employer approval is not required for individual disbursement requests. (Note: Please contact an EZLink Specialist at 1-800-326-7272, for information on submitting termination dates.)</p>																		
<p>3 Password Holder Information</p> <p><i>You must provide the "Password Holder Information" to establish User ID's and passwords for additional members of your staff</i></p>	<p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p> <hr/> <p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p> <hr/> <p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p>	Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N		Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N		Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N	
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FRM000-019-200508



EZLINK ACCESS FORM – PAGE 2 OF 2

<p>3 Password Holder Information</p> <p><i>(continued)</i></p>	<p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p>	Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N	
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Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N							
<p>4 Plan Coordinator Approval</p> <p><i>(Plan coordinator User ID and password automatically generated.)</i></p>	<p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p>	Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N	
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<p>4 Plan Coordinator Approval</p> <p><i>(Plan coordinator User ID and password automatically generated.)</i></p>	<p>ICMA-RC considers participant information to be highly confidential, and we go to great lengths to avoid breaching that confidentiality. For this reason, ICMA-RC cannot be responsible for (i) negligent or intentional misuse of the password by the municipality's officers, employees, agents or contractors, (ii) a breach of confidentiality that may occur as a result of such negligent or intentional misuse of the password, or (iii) a breach of confidentiality that may occur as a proximate result of the municipality's access to the participant database. If the municipality uses EZLink online transaction processing, please remember to review all financial information you have entered for your participants, as ICMA-RC is not responsible for incorrect data transmitted by the municipality. ICMA-RC recommends that you encourage all participants to review statements and confirmations for accuracy.</p> <p>ICMA-RC's Web site is normally available 24 hours a day, seven days a week. However, service availability is not guaranteed. Neither ICMA-RC or its affiliates, the VantageTrust Company, nor The Vantagepoint Funds will be responsible for any loss (or forgone gain) you may incur as a result of service being unavailable.</p> <p>Please signify your agreement to these terms by signing in the space indicated below. You may fax this signed form to the EZLink Administrator at 1-202-962-4601. We will provide you with User ID(s) and Password(s) to begin using EZLink. Should you have questions regarding EZLink, please contact an EZLink Specialist at 1-800-326-7272.</p> <p>Agreed: _____ Date: _____</p> <p style="text-align: center;">Plan Coordinator</p> <p>Print Your Name _____</p>						

Please fax your completed EZLink Access Form to the "EZLink Administrator" at 1-202-962-4601.

FRM000-019-200508



VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN
ADOPTION BOOKLET

SECTION III:

ADOPTION DOCUMENTS TO RETAIN IN YOUR FILES

Note: The documents in Section III do not need to be returned to ICMA-RC unless you make changes to the Declaration of Trust of the Integral Part Trust. If you make changes to this document, you must provide a copy to ICMA-RC for review prior to adoption of your RHS Plan.



DECLARATION OF TRUST OF THE

NAME OF EMPLOYER

INTEGRAL PART TRUST

**DECLARATION OF TRUST OF THE
NAME OF EMPLOYER
INTEGRAL PART TRUST**

Declaration of Trust made as of the _____ day of _____, 20____, by and between the _____, _____ a _____
(Name of Employer) (State) (Type of Entity)
(hereinafter referred to as the "Employer") and _____ or its designee (hereinafter referred to as the "Trustee").
(Name or Title of Trustee)

RECITALS

WHEREAS, the Employer is a political subdivision of the State of _____ exempt from
(State)
federal income tax under the Internal Revenue Code of 1986; and

WHEREAS, the Employer provides for the security and welfare of its eligible employees (hereinafter referred to as "Participants"), their Spouses and Dependents by the maintenance of one or more post-retirement welfare benefit plans, programs or arrangements which provide for life, sickness, medical, disability, severance and other similar benefits through insurance and self-funded reimbursement plans (collectively the "Plan"); and

WHEREAS, it is an essential function and integral part of the exempt activities of the Employer to assist Participants, their Spouses and Dependents by making contributions to and accumulating assets in the trust, a segregated fund, for post-retirement welfare benefits under the Plan; and

WHEREAS, the authority to conduct the general operation and administration of the Plan is vested in the Employer or its designee, who has the authority and shall be subject to the duties with respect to the trust specified in this Declaration of Trust; and

WHEREAS, the Employer wishes to establish this trust to hold assets and income of the Plan for the exclusive benefit of Plan Participants, their Spouses and Dependents;

NOW, THEREFORE, the parties hereto do hereby establish this trust, by executing the

Declaration of Trust of the _____ Integral Part Trust (hereinafter referred to as the
(Name of Employer)
"Trust"), and agree that the following constitute the Declaration of Trust (hereinafter referred to as the "Declaration"):

ARTICLE I

Definitions

- 1.1 Definitions. For the purposes of this Declaration, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.
- (a) **“Account”** means the individual recordkeeping account maintained under the Plan to record the interest of a Participant in the Plan in accordance with Section 7.3.
 - (b) **“Administrator”** means the Employer or the entity designated by the Employer to carry out administrative services as are necessary to implement the Plan.
 - (c) **“Beneficiary”** means the Spouse and Dependents, who will receive any benefits payable hereunder in the event of the Participant’s death. In the case where there is no Spouse or Dependents, any amount of contributions, plus accrued earnings thereon, remaining in the Account must, under the terms of the Plan, be returned to the Trust.
 - (d) **“Code”** means the Internal Revenue Code of 1986, as amended from time to time.
 - (e) **“Dependent”** means (a) the Participant’s lawful spouse, (b) the Participant’s child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.
 - (f) **“Investment Fund”** means any separate investment option or vehicle selected by the Employer in which all or a portion of the Trust assets may be separately invested as herein provided. The Trustee shall not be required to select any Investment Fund.
 - (g) **“Nonforfeitable Interest”** means the interest of the Participant or the Participant’s Spouse and Dependent (whichever is applicable) in the percentage of Participant’s Employer’s contribution which has vested pursuant to the vesting schedule specified in the Employer’s Plan. A Participant shall, at all times, have a one hundred percent (100%) Nonforfeitable Interest in the Participant’s own contributions.
 - (h) **“Spouse”** means the Participant’s lawful spouse as determined under the laws of the jurisdiction in which the Participant was married.
 - (i) **“Trust”** means the trust established by this Declaration.
 - (j) **“Trustee”** means the Employer or the person or persons appointed by the Employer to serve in that capacity.

ARTICLE II

Establishment of Trust

- 2.1 The Trust is hereby established as of the date set forth above for the exclusive benefit of Participants, their Spouses and Dependents.

ARTICLE III

Construction

- 3.1 This Trust and its validity, construction and effect shall be governed by the laws of the State of _____.
- 3.2 Pronouns and other similar words used herein in the masculine gender shall be read as the feminine gender where appropriate, and the singular form of words shall be read as the plural where appropriate.
- 3.3 If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions, and such provisions shall be construed to effectuate the purpose of this Trust.

ARTICLE IV

Benefits

- 4.1 **Benefits.** This Trust may provide benefits to the Participant, the Participant's Spouse and Dependents pursuant to the terms of the Plan.
- 4.2 **Form of Benefits.** This Trust may provide benefits by cash payment. This Trust may reimburse the Participant, his Spouse and Dependents for insurance premiums or other payments expended for permissible benefits described under the Plan. This trust may reimburse the Employer, or the Administrator for insurance premiums.

ARTICLE V

General Duties

- 5.1 It shall be the duty of the Trustee to hold title to assets held in respect of the Plan in the Trustee's name as directed by the Employer or its designees in writing. The Trustee shall not be under any duty to compute the amount of contributions to be paid by the Employer or to take any steps to collect such amounts as may be due to be held in trust under the Plan. The Trustee shall not be responsible for the custody, investment, safekeeping or disposition of any assets comprising the Trust, to the extent such functions are performed by the Employer or the Administrator, or both.
- 5.2 It shall be the duty of the Employer, subject to the provisions of the Plan, to pay over to the Administrator or other person designated hereunder from time to time the Employer's contributions and Participants' contributions under the Plan and to inform the Trustee in writing as to the identity and value of the assets titled in the Trustee's name hereunder and to keep accurate books and records with respect to the Participants of the Plan.

ARTICLE VI

Investments

- 6.1 The Employer may appoint one or more investment managers to manage and control all or part of the assets of the Trust and the Employer shall notify the Trustee in writing of any such appointment.
- 6.2 The Trustee shall not have any discretion or authority with regard to the investment of the Trust and shall act solely as a directed Trustee of the assets of which it holds title. To the extent directed by the Employer (or Participants or their Spouses and Dependents to the extent provided herein) the Trustee is authorized and empowered with the following powers, rights and duties, each of which the Trustee shall exercise in a nondiscretionary manner:

- (a) To cause stocks, bonds, securities, or other investments to be registered in its name as Trustee or in the name of a nominee, or to take and keep the same unregistered;
- (b) To employ such agents and legal counsel as it deems advisable or proper in connection with its duties and to pay such agents and legal counsel a reasonable fee. The Trustee shall not be liable for the acts of such agents and counsel or for the acts done in good faith and in reliance upon the advice of such agents and legal counsel, provided it has used reasonable care in selecting such agents and legal counsel;
- (c) To exercise where applicable and appropriate any rights of ownership in any contracts of insurance in which any part of the Trust may be invested and to pay the premiums thereon; and
- (d) At the direction of the Employer (or Participants, their Spouses, their Dependents, or the investment manager, as the case may be) to sell, write options on, convey or transfer, invest and reinvest any part thereof in each and every kind of property, whether real, personal or mixed, tangible or intangible, whether income or non-income producing and wherever situated, including but not limited to, time deposits (including time deposits in the Trustee or its affiliates, or any successor thereto, if the deposits bear a reasonable rate of interest), shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, mutual funds (including funds for which the Trustee or its affiliates serve as investment advisor, custodian or in a similar or related capacity), or in units of any other common, collective or commingled trust fund.

6.3 Notwithstanding anything to the contrary herein, the assets of the Plan shall be held by the Trustee as title holder only. Persons holding custody or possession of assets titled to the Trust shall include the Employer, the Administrator, the investment manager, and any agents and subagents, but not the Trustee. The Trustee shall not be responsible or liable for any loss or expense which may arise from or result from compliance with any direction from the Employer, the Administrator, the investment manager, or such agents to take title to any assets nor shall the Trustee be responsible or liable for any loss or expense which may result from the Trustee's refusal or failure to comply with any direction to hold title, except if the same shall involve or result from the Trustee's negligence or intentional misconduct. The Trustee may refuse to comply with any direction from the Employer, the Administrator, the investment manager, or such agents in the event that the Trustee, in its sole and absolute discretion, deems such direction illegal.

6.4 The Employer hereby indemnifies and holds the Trustee harmless from any and all actions, claims, demands, liabilities, losses, damages or reasonable expenses of whatsoever kind and nature in connection with or arising out of (i) any action taken or omitted in good faith by the Trustee in accordance with the directions of the Employer or its agents and subagents hereunder, or (ii) any disbursements of any part of the Trust made by the Trustee in accordance with the directions of the Employer, or (iii) any action taken by or omitted in good faith by the Trustee with respect to an investment managed by an investment manager in accordance with any direction of the investment manager or any inaction with respect to any such investment in the absence of directions from the investment manager. Notwithstanding anything to the contrary herein, the Employer shall have no responsibility to the Trustee under the foregoing indemnification if the Trustee fails negligently, intentionally or recklessly to perform any of the duties undertaken by it under the provisions of this Trust.

6.5 Notwithstanding anything to the contrary herein, the Employer or, if so designated by the Employer, the Administrator and the investment manager or another agent of the Employer, will be responsible for valuing all assets so acquired for all purposes of the Trust and of holding, investing, trading and disposing of the same. The Employer will indemnify and hold the Trustee harmless against any and all claims, actions, demands, liabilities, losses, damages, or expenses of whatsoever kind and nature, which arise from or are related to any use of such valuation by the Trustee or holding, trading, or disposition of such assets.

6.6 The Trustee shall and hereby does indemnify and hold harmless the Employer from any and all actions, claims, demands, liabilities, losses, damages and reasonable expenses of whatsoever kind and nature in connection with or arising out of (a) the Trustee's failure to follow the directions of the Employer, the Administrator, the investment manager, or agents thereof, except as permitted by the last sentence of Section 6.3 above; (b) any disbursements made without the direction of the Employer, the Administrator, the investment manager or agents thereof; and (c) the Trustee's negligence, willful misconduct, or recklessness with respect to the Trustee's duties under this Declaration.

ARTICLE VII

Contributions

- 7.1 **Employer Contributions.** The Employer shall contribute to the Trust such amounts as specified in the Plan or by resolution.
- 7.2 **Accrued Leave.** Contributions up to an amount equal to the value of accrued sick leave, vacation leave, or other type of accrued leave, as permitted under the Plan. The Employer's Plan must provide a formula for determining the value of the Participant's contribution of accrued leave. The Employer's Plan must contain a forfeiture provision that will prevent Participants from receiving the accrued leave in cash in lieu of a contribution to the Trust.
- 7.3 **Accounts.** Employer contributions, including mandatory Participant contributions, and contributions of accrued leave, all investment income and realized and unrealized gains and losses, and forfeitures allocable thereto will be deposited into an Account in the name of the Participant for the exclusive benefit of the Participant, his Spouse and Dependents. The assets in each Participant's Account may be invested in Investment Funds as directed by the Participant (or, after the Participant's death, by the Spouse or Dependents) or the Employer, as required under the Plan, from among the Investment Funds selected by the Employer.
- 7.4 **Receipt of Contributions.** The Employer or, if so designated by the Employer, the Administrator or investment manager or another agent of the Employer, shall receive all contributions paid or delivered to it hereunder and shall hold, invest, reinvest and administer such contributions pursuant to this Declaration, without distinction between principal and income. The Trustee shall not be responsible for the calculation or collection of any contribution under the Plan, but shall hold title to property received in respect of the Plan in the Trustee's name as directed by the Employer or its designee pursuant to this Declaration.
- 7.5 No amount in any Account maintained under this Trust shall be subject to transfer, assignment, or alienation, whether voluntary or involuntary, in favor of any creditor, transferee, or assignee of the Employer, the Trustee, any Participant, his Spouse, or Dependent.
- 7.6 Upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE VIII

Other Plans

If the Employer hereafter adopts one or more other plans providing life, sickness, accident, medical, disability, severance, or other benefits and designates the Trust hereby created as part of such other plan, the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer shall, subject to the terms of this Declaration, accept and hold hereunder contributions to such other plans. In that event (a) the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, may commingle for investment purposes the contributions received under such other plan or plans with the contributions previously received by the Trust, but the books and records of the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, shall at all times show the portion of the Trust Fund allocable to each plan; (b) the

term “Plan” as used herein shall be deemed to refer separately to each other plan; and (c) the term “Employer” as used herein shall be deemed to refer to the person or group of persons which have been designated by the terms of such other plans as having the authority to control and manage the operation and administration of such other plan.

ARTICLE IX

Disbursements and Expenses

- 9.1 The Employer or its designee shall make such payments from the Trust at such time to such persons and in such amounts as shall be authorized by the provisions of the Plan provided, however, that no payment shall be made, either during the existence of or upon the discontinuance of the Plan (subject to Section 7.6), which would cause any part of the Trust to be used for or diverted to purposes other than the exclusive benefit of the Participants, their Spouses and Dependents pursuant to the provisions of the Plan.
- 9.2 All payments of benefits under the Plan shall be made exclusively from the assets of the Accounts of the Participants to whom or to whose Spouse or Dependents such payments are to be made, and no person shall be entitled to look to any other source for such payments.
- 9.3 The Employer, Trustee and Administrator may be reimbursed for expenses reasonably incurred by them in the administration of the Trust. All such expenses, including, without limitation, reasonable fees of accountants and legal counsel to the extent not otherwise reimbursed, shall constitute a charge against and shall be paid from the Trust upon the direction of the Employer.

ARTICLE X

Accounting

- 10.1 The Trustee shall not be required to keep accounts of the investments, receipts, disbursements, and other transactions of the Trust, except as necessary to perform its title-holding function hereunder. All accounts, books, and records relating thereto shall be maintained by the Employer or its designee.
- 10.2 As promptly as possible following the close of each year, the Trustee shall file with the Employer a written account setting forth assets titled to the Trust as reported to the Trustee by the Employer or its designee.

ARTICLE XI

Miscellaneous Provisions

- 11.1 Neither the Trustee nor any affiliate thereof shall be required to give any bond or to qualify before, be appointed by, or account to any court of law in the exercise of its powers hereunder.
- 11.2 No person transferring title or receiving a transfer of title from the Trustee shall be obligated to look to the propriety of the acts of the Trustee in connection therewith.
- 11.3 The Employer may engage the Trustee as its agent in the performance of any duties required of the Employer under the Plan, but such agency shall not be deemed to increase the responsibility or liability of the Trustee under this Declaration.
- 11.4 The Employer shall have the right at all reasonable times during the term of this Declaration and for three (3) years after the termination of this Declaration to examine, audit, inspect, review, extract information from, and copy all books, records, accounts, and other documents of the Trustee relating to this Declaration and the Trustees' performance hereunder.

ARTICLE XII

Amendment and Termination

- 12.1 The Employer reserves the right to alter, amend, or (subject to Section 9.1) terminate this Declaration at any time for any reason without the consent of the Trustee or any other person, provided that no amendment affecting the rights, duties, or responsibilities of the Trustee shall be adopted without the execution of the Trustee to the amendment. Any such amendment shall become effective as of the date provided in the amendment, if requiring the Trustee's execution, or on delivery of the amendment to the Trustee, if the Trustee's execution is not required.
- 12.2 Upon termination of this Declaration and upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE XIII

Successor Trustees

- 13.1 The Employer reserves the right to discharge the Trustee for any or no reason, at any time by giving ninety (90) days' advance written notice.
- 13.2 The Trustee reserves the right to resign at any time by giving ninety (90) days' advance written notice to the Employer.
- 13.3 In the event of discharge or resignation of the Trustee, the Employer may appoint a successor Trustee who shall succeed to all rights, duties, and responsibilities of the former Trustee under this Declaration, and the terminated Trustee shall be deemed discharged of all duties under this Declaration and responsibilities for the Trust.

ARTICLE XIV

Limited Effect of Plan and Trust

Neither the establishment of the Plan and the Trust or any modification thereof, the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any person covered under the Plan or other person any legal or equitable right against the Trustee, the Administrator, the Employer or any officer or employee thereof, except as may otherwise be expressly provided in the Plan or in this Declaration.

ARTICLE XV

Protective Clause

Neither the Administrator, the Employer, nor the Trustee shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the Plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

IN WITNESS WHEREOF, the Employer and the Trustee have executed this Declaration by their respective duly authorized officers, as of the date first hereinabove mentioned.

EMPLOYER:

By: _____ Title: _____

TRUSTEE(S):

By: _____ Title: _____

By: _____ Title: _____

By: _____ Title: _____



NAME OF EMPLOYER

RETIREE WELFARE BENEFITS PLAN



RETIREE WELFARE BENEFITS PLAN

Table of Contents

Article I Preamble

- 1.01 Establishment of Plan
- 1.02 Purpose of Plan

Article II Definitions

- 2.01 “Benefits”
- 2.02 “Code”
- 2.03 “Dependent”
- 2.04 “Eligible Medical or Dental Expenses”
- 2.05 “Employer”
- 2.06 “Entry Date”
- 2.07 “Participant”
- 2.08 “Plan Administrator”
- 2.09 “Plan Year”
- 2.10 “Retiree”
- 2.11 “Spouse”

Article III Eligibility

- 3.01 General Requirements

Article IV Amount of Benefits

- 4.01 Annual Benefits Provided by the Plan
- 4.02 Cost of Coverage

Article V Payment of Benefits

- 5.01 Eligibility for Benefits
- 5.02 Claims for Benefits

Article VI Plan Administration

- 6.01 Allocation of Authority
- 6.02 Provision for Third-Party Plan Service Providers
- 6.03 Several Fiduciary Liability
- 6.04 Compensation of Plan Administrator
- 6.05 Bonding
- 6.06 Payment of Administrative Expenses
- 6.07 Timeliness of Payments
- 6.08 Annual Statements

Table of Contents (continued)

Article VII Claims Procedure

- 7.01 Procedure if Benefits are Denied Under the Plan
- 7.02 Requirement for Written Notice of Claim Denial
- 7.03 Right to Request Hearing on Benefit Denial
- 7.04 Disposition of Disputed Claims
- 7.05 Preservation of Other Remedies

Article VIII Amendment or Termination of Plan

- 8.01 Permanency
- 8.02 Employer's Right to Amend
- 8.03 Employer's Right to Terminate

Article IX General Provisions

- 9.01 No Employment Rights Conferred
- 9.02 Payments to Survivor
- 9.03 Nonalienation of Benefits
- 9.04 Mental or Physical Incompetency
- 9.05 Inability to Locate Payee
- 9.06 Requirement of Proper Forms
- 9.07 Source of Payments
- 9.08 Tax Effects
- 9.09 Multiple Functions
- 9.10 Gender and Number
- 9.11 Headings
- 9.12 Applicable Laws
- 9.13 Severability

Name of Employer

RETIREE WELFARE BENEFITS PLAN

ARTICLE I

Preamble

THIS INSTRUMENT made and published by _____ (hereinafter called "Employer") on the _____ day of _____, 20 _____, creates the _____ Retiree Welfare Benefits Plan, as follows:

1.01 Establishment of Plan

The Employer named above hereby establishes a Retiree Welfare Benefits Plan as of the _____ day of _____, 20 _____.

1.02 Purpose of Plan

This Plan has been established to reimburse the eligible Retirees of the Employer for medical and dental expenses incurred by them, their Spouses and Dependents pursuant to the Employer's VantageCare Retirement Health Savings (RHS) Plan.

ARTICLE II

Definitions

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

2.01 "Benefits" means any amounts paid to a Participant, Spouse or Dependents in the Plan as reimbursement for Eligible Medical and Dental Expenses incurred by the Participant during a Plan Year by him, his Spouse or his Dependents.

2.02 "Code" means the Internal Revenue Code of 1986, as amended.

2.03 "Dependent" means any individual who is a dependent of the Participant within the meaning of Code Sec. 152, as amplified by Internal Revenue Service Notice 2004-79, 2004-49 I.R.B.898.

2.04 "Eligible Medical Expenses" means those expenses designated by the Employer as eligible for reimbursement in the VantageCare Retirement Health Savings Plan Adoption Agreement.

2.05 "Employer" means the unit of state or local government creating this Plan, or any affiliate or successor thereof that likewise adopts this Plan.

2.06 "Entry Date" means the first day the Participant meets the eligibility requirements of Article III as of such Date.

2.07 "Participant" means any Retiree who has met the eligibility requirements set forth in Article III.

2.08 "Plan Administrator" means the Employer or other person appointed by the Employer who has the authority and responsibility to manage and direct the operation and administration of the Plan.

2.09 "Plan Year" means the annual accounting period of the Plan, which begins on the _____ day of _____, 20 _____, and ends on the _____ day of _____, 20 _____, with respect to the first Plan Year, and thereafter as long as this Plan remains in effect, the period that begins on _____, and ends on month/day _____.

2.10 "Retiree" means any individual who, while in the service of the Employer, was considered to be in a legal employer-employee relationship with the Employer for federal withholding tax purposes, and who was part of the classification of employees designated as covered by the Employer's VantageCare Retirement Health Savings Plan.

2.11 "Spouse" means the Participant's lawful spouse as determined under the laws of the jurisdiction in which participant was married. All other defined terms in this Plan shall have the meanings specified in the various Articles of the Plan in which they appear.

ARTICLE III

Eligibility

Each Retiree who meets the eligibility requirements outlined in the Employer's VantageCare Retirement Health Savings Plan shall be eligible to participate in this Plan.

ARTICLE IV

Amount of Benefits

4.01 Annual Benefits Provided by the Plan

Each Participant shall be entitled to reimbursement for his documented, Eligible Medical Expenses incurred during the Plan Year in an annual amount not to exceed the account balance of the Participant in the Employer's VantageCare Retirement Health Savings Plan.

4.02 Cost of Coverage

The expense of providing the benefits set out in Section 4.01 shall be contributed as outlined in the Employer's VantageCare Retirement Health Savings Plan.

ARTICLE V

Payment of Benefits

5.01 Eligibility for Benefits

- a) Each Participant in the Plan shall be entitled to a benefit hereunder for all Eligible Medical Expenses incurred by the Participant on or after the Entry Date of his or her participation (and after the effective date of the Plan), subject to the limitations contained in this Article V, regardless whether the mental or physical condition for which the Participant makes application for benefits under this Plan was detected, diagnosed, or treated before the Participant became covered by the Plan.
- b) In order to be eligible for benefits, the Participant must meet the benefit eligibility criteria outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.
- c) A Participant who becomes totally and permanently disabled (as defined by the Social Security Administration, by the Employer's primary retirement plan, or otherwise by the Employer) will become immediately eligible to receive medical benefit payments from the Plan. Pursuant to Section 9.02 and Employer's VantageCare Retirement Health Savings Plan Adoption Agreement, the surviving Spouse and Dependents shall become immediately eligible to receive or to continue receiving medical benefit payments from the Plan upon the death of the Participant.

5.02 Claims for Benefits

No benefit shall be paid hereunder unless a Participant, his Spouse or Dependent has first submitted a written claim for benefits to the Plan Administrator on a form specified by the Plan Administrator, and pursuant to the procedures set out in Article VI, below. Upon receipt of a properly documented claim, the Plan Administrator shall pay the Participant, his Spouse or Dependent the benefits provided under this Plan as soon as is administratively feasible.

ARTICLE VI

Plan Administration

6.01 Allocation of Authority

The Employer shall control and manage the operation and Administration of the Plan. The Employer shall have the exclusive right to interpret the Plan and to decide all matters arising thereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions. All determinations of the Employer with respect to any matter hereunder shall be conclusive and binding on all persons.

Without limiting the generality of the foregoing, the Employer shall have the following powers and duties:

- a) To decide on questions concerning the Plan and the eligibility of any Employee to participate in the Plan, in accordance with the provisions of the Plan;
- b) To determine the amount of benefits that shall be payable to any person in accordance with the provisions of the Plan; to inform the Plan Administrator, as appropriate, of the amount of such Benefits; and to provide a full and fair review to any Participant whose claim for benefits has been denied in whole or in part; and
- c) To designate other persons to carry out any duty or power which would otherwise be a fiduciary responsibility of the Plan Administrator, under the terms of the Plan.
- d) To require any person to furnish such reasonable information as it may request for the purpose of the proper administration of the Plan as a condition to receiving any benefits under the Plan;
- e) To make and enforce such rules and regulations and prescribe the use of such forms as he shall deem necessary for the efficient administration of the Plan.

6.02 Provision for Third-Party Plan Service Providers

The Plan Administrator, subject to approval of the Employer, may employ the services of such persons as it may deem necessary or desirable in connection with operation of the Plan. The Plan Administrator, the Employer (and any person to whom it may delegate any duty or power in connection with the administration of the Plan), and all persons connected therewith may rely upon all tables, valuations, certificates, reports and opinions furnished by any duly appointed actuary, accountant, (including Employees who are actuaries or accountants), consultant, third party administration service provider, legal counsel, or other specialist, and they shall be fully protected in respect to any action taken or permitted in good faith in reliance thereon. All actions so taken or permitted shall be conclusive and binding as to all persons.

6.03 Several Fiduciary Liability

To the extent permitted by law, neither the Plan Administrator nor any other person shall incur any liability for any acts or for failure to act except for his own willful misconduct or willful breach of this Plan.

6.04 Compensation of Plan Administrator

Unless otherwise agreed to by the Employer, the Plan Administrator shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of his duties shall be paid by the Employer.

6.05 Bonding

Unless otherwise determined by the Employer, or unless required by any Federal or State law, the Plan Administrator shall not be required to give any bond or other security in any jurisdiction in connection with the administration of this Plan.

6.06 Payment of Administrative Expenses

All reasonable expenses incurred in administering the Plan, including but not limited to administrative fees and expenses owing to any third party administrative service provider, actuary, consultant, accountant, attorney, specialist, or other person or organization that may be employed by the Plan Administrator in connection with the administration thereof, shall be paid by the Employer, provided, however that each Participant shall bear the monthly cost (if any) charged by a third party administrator for maintenance of his Benefit Account unless otherwise paid by the Employer.

6.07 Timeliness of Payment for Benefits

Payment for Benefits shall be made as soon as administratively feasible after the required forms and documentation have been received by the Plan Administrator.

6.08 Annual Statements

The Plan Administrator shall furnish each Participant with an annual statement of his medical expense reimbursement account within ninety (90) days after the close of each Plan Year.

ARTICLE VII

Claims Procedure

7.01 Procedure if Benefits are Denied Under the Plan

Any Participant, Spouse, Dependent, or his duly authorized representative may file a claim for a plan benefit to which the claimant believes that he is entitled. Such a claim must be in writing on a form provided by the Plan Administrator and delivered to the Plan Administrator, in person or by mail, postage paid. Within thirty (30) days after receipt of such claim, the Plan Administrator shall send to the claimant, by mail, postage prepaid, notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed forty-five (45) days from the end of the initial period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 30-day period. If such extension is necessary due to a failure of the Participant, Spouse or Dependent to submit the information necessary to decide the claim, the notice of extension shall describe the required information and the claimant shall be afforded at least forty-five (45) days from receipt of the notice within which to provide such information. The Plan Administrator shall have full discretion to deny or grant a claim in whole or in part. If notice of the denial of a claim is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to review pursuant to Sections 7.03 and 7.04.

7.02 Requirement for Written Notice of Claim Denial

The Plan Administrator shall provide, to every claimant who is denied a claim for benefits, written notice setting forth in a manner calculated to be understood by the claimant:

- a) The specific reason or reasons for the denial;
- b) Specific reference to pertinent Plan provisions on which the denial is based;
- c) A description of any additional material of information necessary for the claimant to perfect the claim and an explanation of why such material is necessary, and
- d) An explanation of the Plan's claim review procedure.

7.03 Right to Request Hearing on Benefit Denial

Within one-hundred eighty (180) days after the receipt by the claimant of written notification of the denial (in whole or in part) of his claim, the claimant or his duly authorized representative, upon written application to the Plan Administrator, in person or by certified mail, postage prepaid, may request a review of such denial, may review pertinent documents, and may submit issues and comments in writing.

7.04 Disposition of Disputed Claims

Upon its receipt of notice of a request for review, the Plan Administrator shall make a prompt decision on the review. The decision on review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent plan provisions on which the decision is based. The decision on review shall be made not later than sixty (60) days after the Plan Administrator's receipt of a request for a review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than one hundred-twenty (120) days after receipt of a request for review. If an extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial sixty (60) day period. If notice of the decision on the review is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to legal remedy pursuant to Section 7.05.

7.05 Preservation of Other Remedies

After exhaustion of the claims procedures provided under this Plan, nothing shall prevent any person from pursuing any other legal or equitable remedy otherwise available.

ARTICLE VIII

Amendment or Termination of Plan

8.01 Permanency

While the Employer fully expects that this Plan will continue indefinitely, due to unforeseen, future business contingencies, permanency of the Plan will be subject to the Employer's right to amend or terminate the Plan, as provided in Sections 8.02 and 8.03, below.

8.02 Employer's Right to Amend

The Employer reserves the right to amend the Plan at any time and from time-to-time, and retroactively if deemed necessary or appropriate to meet the requirements of the Code, or any similar provisions of subsequent revenue or other laws, or the rules and regulations in effect under any of such laws or to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan.

8.03 Employer's Right to Terminate

The Employer reserves the right to discontinue or terminate the Plan at any time without prejudice.

ARTICLE IX

General Provisions

9.01 No Employment Rights Conferred

Neither this Plan nor any action taken with respect to it shall confer upon any person the right to be continued in the employment of the Employer.

9.02 Payments After Death of Participant

Any benefits otherwise payable to a Participant following the date of death of such Participant shall be paid as outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.

9.03 Nonalienation of Benefits

No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person. If any person entitled to benefits under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under the Plan, or if any attempt is made to subject any such benefit to the debts, contracts, liabilities, engagements or torts of the person entitled to any such benefit, except as specifically provided in the Plan, then such benefit shall cease and terminate in the discretion of the Plan Administrator, and he may hold or apply the same or any part thereof to the benefit of any dependent of such person, in such manner and proportion as he may deem proper.

9.04 Mental or Physical Incompetency

If the Plan Administrator determines that any person entitled to payments under the Plan is incompetent by reason of physical or mental disability, he may cause all payments thereafter becoming due to such person to be made to any other person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Plan Administrator and the Employer.

9.05 Inability to Locate Payee

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because he cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts

have been made to identify or locate such person (including a notice of the payment so due mailed to the last known address of such Participant or other person as shown on the records of the Employer), such payment and all subsequent payments otherwise due to such Participant or other person shall be escheated under the laws of the State of the last known address of the Participant or other persons eligible for benefits.

9.06 Requirement of Proper Forms

All communications in connection with the Plan made by a Participant shall become effective only when duly executed on forms provided by and filed with the Plan Administrator.

9.07 Source of Payments

The Employer shall be the sole source of benefits under the Plan. No Employee, Spouse or Dependents shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee, Spouse or Dependents.

9.08 Tax Effects

Neither the Employer nor the Plan Administrator makes any warranty or other representation as to whether any payments received by a Participant, his Spouse or Dependents hereunder will be treated as includible in gross income for federal or state income tax purposes.

9.09 Multiple Functions

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

9.10 Gender and Number

Masculine pronouns include the feminine as well as the neuter gender, and the singular shall include the plural, unless indicated otherwise by the context.

9.11 Headings

The Article and Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.

9.12 Applicable Laws

The provisions of the Plan shall be construed, administered and enforced according to the laws of the State of _____.

9.13 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder thereof shall be given effect to the maximum extent possible.

IN WITNESS WHEREOF, we have executed this Plan Agreement the date and year first written above.

EMPLOYER

By: _____ Title: _____
Signature of Authorized Official

ATTEST (if applicable)

By: _____ Title: _____
Signature of Attestor



PRIVATE LETTER RULING ON INTEGRAL PART TRUST

Internal Revenue Service

Department of the Treasury

Index Number: 115.02-00

Washington, DC 20224

Contact Person:

Telephone Number:

In Reference to:
CC:DOM:FI&P:2 PLR-116685-99

Date:
December 28, 1999

City =

Trust =

State =

Dear :

This is in response to a letter dated October 12, 1999, and prior correspondence, requesting a private letter ruling that Trust is an integral part of City.

FACTS

City is a political subdivision of State. City currently maintains one or more post-retirement welfare benefit plans (collectively, the "Plan") that provide its eligible employees ("Participants") and their beneficiaries ("Beneficiaries") with life, sickness, medical, disability, severance and other similar benefits through insurance and self-funded reimbursement plans.

City intends to establish Trust to hold assets and income of the Plan for the exclusive benefit of Participants and their Beneficiaries.

Trust's Declaration defines "Beneficiaries" to include a Participant's spouse, any child of the Participant or the Participant's spouse who is a minor or a student within the meaning of section 151(c)(4) of the Internal Revenue Code, any other minor child residing with the Participant, and any other individual who is a person described in section 152(a) of the Code. Death benefits may be provided to any Beneficiary designated by a Participant under the terms of a death benefit program or an insurance contract forming part of the Plan. Trust

may provide benefits by cash payment, and may reimburse a Participant, City, or Trust's Administrator for insurance premiums or other payments expended for permissible benefits under the Plan.

Under Trust's Declaration, City will be the Administrator of Trust. City may appoint one or more investment managers to manage and control all or part of the assets of Trust. Under Trust's Declaration, the Trustee will hold assets only as titleholder. Persons having custody or possession of assets may include City, the Administrator of Trust, the investment manager, and their agents and subagents, but not the Trustee. The Trustee will have no discretion or authority with regard to the investments of Trust and will act solely as a directed Trustee with respect to the assets to which it holds title.

The Trustee will not be responsible or liable for any loss or expense that may arise or result from complying with any direction from the City, the Administrator, the investment manager, or such agents to take title to any assets, or from the Trustee's refusal or failure to comply with any direction to hold title, unless it involves or results from the Trustee's negligence or intentional misconduct. The Trustee may refuse to comply with any direction if it deems such direction illegal.

City indemnifies and holds the Trustee harmless from any actions, claims, demands, liabilities, losses, damages or reasonable expenses of any kind in connection with or arising out of (i) any action taken or omitted in good faith in accordance with its directions, (ii) any disbursements made in accordance with directions, or (iii) any action taken by or omitted by the Trustee with respect to an investment managed by an investment manager in accordance with any direction of the investment manager or any inaction regarding any investment in the absence of directions from the investment manager. City, however, has no responsibility to the Trustee under the indemnification if the Trustee fails negligently, intentionally, or recklessly to perform its duties.

City will contribute to Trust such amounts as specified in the Plan or by resolution. No other person or persons will be permitted to make any contributions.

The Plan must provide a formula for determining the value of a Participant's accrued vacation leave, sick leave, or both, in excess of a threshold number of hours of such leave. City may contribute amounts so determined to Trust. The Plan will contain a forfeiture provision that will prevent Participants and their Beneficiaries from receiving cash in lieu of a contribution to Trust in their behalf. Contributions, investment income, realized and unrealized gains and losses, and forfeitures will be deposited into an account in Trust in the name of the Participant

for the exclusive benefit of the Participant and his or her Beneficiaries. A Participant may direct the investment of amounts in her or his account among investments selected by City. No amount in any account will be subject to transfer, assignment, or alienation, whether voluntary or involuntary, in favor of any creditor, transferee, or assignee of City, the Trustee, Participant or Beneficiary.

City or the Administrator, investment manager, or other agent designated by City will receive contributions and will hold, invest, and administer contributions without distinction between principal and income. The Trustee will not be responsible for the calculation or collection of contributions, but will hold title to property received as directed by City or its designee. The Trustee will not be required to keep accounts of the investments, receipts, disbursements, and other transaction of Trust except as necessary to perform its title-holding function. City or its designee will maintain all books and records.

City reserves the right to alter, amend, or terminate Trust at any time for any reason without the consent of any person. No amendment affecting the Trustee is effective without the Trustee's consent, and no termination can result in any part of Trust's assets being used for or diverted to purposes other than the exclusive benefit of Participants and Beneficiaries.

If City adopts other plans providing life, sickness, accident, medical, disability, severance, or other benefits and designates Trust as part of such plan, City or its agent will hold contributions to such plan in Trust. The contributions may be commingled for investment purposes, but the books and record of Trust must show the portion of Trust allocable to each plan.

Upon the satisfaction of all liabilities under the Plan to provide benefits, any amounts remaining in any account must be returned to City.

LAW & ANALYSIS

Income of an integral part of a state or political subdivision of a state is not taxable absent specific statutory authorization. See Rev. Rul. 87-2, 1987-1 C.B. 18; section 511(a)(2)(B) of the Code, GCM 14407, C.B. XIV-1, 103 (1935), superseded by Rev. Rul. 71-131, 1971-1 C.B. 28. Whether an enterprise is an integral part depends on facts and circumstances such as the state's degree of control over the enterprise and its financial commitment to the enterprise. If an enterprise is an integral part of a state or political subdivision of a state, it will not be treated as a separate entity for federal tax purposes, though it may have been formed as a separate entity

under state law. Section 301.7701-1(a)(3) of the Procedural and Administrative Regulations.

City has made a substantial financial commitment to Trust by providing all of its funding. City retains complete control over Trust because it may amend or terminate Trust at any time. City retains control over the daily operation of Trust by its power to appoint or remove agents who manage daily operation. The Trustee is merely a title holder with no power to manage Trust.

CONCLUSION

Provided that City is the only person that makes contributions to Trust, and Trust accepts or holds only amounts of money contributed by City, Trust will be an integral part of City, and any income earned on amounts in Trust will not be subject to federal income tax.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Except as specifically provided otherwise, no opinion is expressed on the federal income tax consequences of the transaction described above.

In accordance with the terms of a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Assistant Chief Counsel
(Financial Institutions & Products)

By: William Coppersmith _____
William E. Coppersmith
Chief, Branch 2



IMPORTANT INFORMATION ON WELFARE PLAN NONDISCRIMINATION RULES

Important Information on Welfare Plan Nondiscrimination Rules

AN EMPLOYER'S VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN will generally be covered by nondiscrimination requirements that are already applicable to the employer's other health and welfare plans (under Internal Revenue Code Section 105(h)).

However, please note that nondiscrimination requirements will not apply in the following cases:

1. If the RHS Plan is limited to one or more collective bargaining groups,
2. In addition, if the RHS Plan limits reimbursement to insurance premiums only (e.g., health insurance premiums, Medicare supplemental insurance premiums, Medicare Part B insurance premiums, COBRA insurance premiums, long-term care insurance premiums),
3. If the plan provides for fixed dollar contributions for all employees.

If the RHS Plan does not fall into one of the three categories above, health and welfare nondiscrimination requirements will apply. (The testing for nondiscrimination would include only the portion of an RHS Plan that provides reimbursement for other than insurance premiums to non-collectively bargained employees.)

Generally speaking, there are two requirements if one of the above exemptions does not apply:

1. Coverage must be extended to at least 70% of employees (excluding part-time and seasonal employees, employees under age 25, and employees with less than 3 years of service). Once the employer has defined what the applicable coverage group is, up to 30% of that group can be excluded.
2. Benefits must be provided on a substantially equal basis to all covered employees. What this means in practical terms is that contributions must be substantially equal for each participant, and thus cannot be determined as a percentage of compensation.

Please note that failure to meet the nondiscrimination requirements does not result in disqualification of the RHS Plan. The ramifications of not meeting the require-

ments are that "excess benefits" paid to "highly compensated individuals" in the RHS plan are taxable as W-2 income to the participant.

An excess benefit is generally equal to the amount of the benefit made available to highly compensated individuals but not made available to other employees. Highly compensated individuals generally consist of the highest paid 25 percent of all employees.

What does all this mean?

It means that if the RHS plan covers only a collective bargaining unit or only reimburses insurance premiums, or provides for fixed dollar contributions the employer can establish it without concern for the nondiscrimination requirements.

Otherwise, the employer needs to consider the nondiscrimination requirements when developing its Plan. The employer may want to consider talking to benefits counsel to determine if these requirements will impact its RHS participants. Should an employer establish a plan that does not qualify for the exemptions from the nondiscrimination requirements and then does not meet the nondiscrimination requirements, the out-of-pocket expenses paid for highly compensated employees may be taxable.

ICMA-RC makes available a nondiscrimination testing calculator to assist employers. It is believed to produce accurate results but you are encouraged to discuss the results with a tax or benefits advisor. Contact your ICMA-RC Retirement Plans Specialist or our Client Services Teams at 800-326-7272 to request an electronic copy of the calculator.

FLY080-004-1107-1803-850



RHS ENROLLMENT AND CONTRIBUTION PROCESS

RHS Enrollment/Contribution Process

ICMA-RC's EZLink Team will assist the Employer through the RHS enrollment and contribution process. Please follow the steps below after the plan has been established.

STEP 1: Contact the EZLink Team

Contact the EZLink Team (800-326-7272) to conduct a test. Testing could take up to 2 weeks.

STEP 2: Enroll Participants on EZLink and send contribution file.

STEP 3: Send contribution dollars.

By electronic fund transfer:

Receiving Bank:	M&T Bank
Bank ABA for Wires:	022-000-046
Bank ABA for ACH:	052-000-113
Receiving Account Name:	Vantagepoint Transfer Agents
Receiving Account #:	89559029
OBI Field (for wires):*	80XXXX
Company ID (for ACH):	80XXXX

**The OBI Field and Company ID is the six digit RHS plan number. This information is required to properly credit your account.*

By check:

Make checks payable to Vantagepoint Transfer Agents and mail to lockbox address.

Vantagepoint Transfer Agents
c/o M&T Bank
P.O. Box 64636
Baltimore, MD 21264-4636



ATTN.: RECORDS MANAGEMENT UNIT
P.O. BOX 96220
WASHINGTON, DC 20090-6220
800-669-7400
WWW.ICMARC.ORG
EN ESPAÑOL LLAME AL 800-669-8216

PKT000-012-201309-826

VANTAGECARE
RETIREMENT HEALTH SAVINGS PLAN
ADOPTION BOOKLET



This booklet contains information to establish your VantageCare RHS Plan. Section I includes information on the VantageCare RHS Plan as well as instructions for adoption of the program. Section II includes the documents that must be returned to ICMA-RC for program adoption. Section III includes documents that are not required to be returned to ICMA-RC. You do not need to return the documents in Section III to ICMA-RC unless you make revisions to the model Integral Part Trust document.

- Section I: Adoption Information
 - » Steps for Establishing Your VantageCare RHS Plan
 - » Description of VantageCare RHS Adoption Materials
- Section II: VantageCare RHS Adoption Documents to **Return** to ICMA-RC
 - » Suggested Resolution for Adoption of the VantageCare RHS Plan OR Suggested Affirmative Statement for Adoption of the VantageCare RHS Plan
 - » Employer VantageCare RHS Plan Adoption Agreement
 - » VantageCare RHS Plan Implementation Data Form
 - » ICMA-RC EZLink Access Form
 - » Administrative Services Agreement (provided separately)
- Section III: VantageCare RHS Adoption Documents to **Retain** in Your Files
 - » Model Integral Part Trust Document
 - » Sample Retiree Welfare Benefit Plan
 - » IRS Private Letter Ruling on Integral Part Trust
 - » Important Information on Welfare Plan Nondiscrimination Rules
 - » RHS Enrollment/Contribution Process

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC's VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. The employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.



SECTION I:

INFORMATION AND INSTRUCTIONS FOR ADOPTION STEPS FOR ESTABLISHING YOUR VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN

INFORMATION AND INSTRUCTIONS FOR ADOPTION STEPS FOR ESTABLISHING YOUR VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN

Congratulations on your decision to establish a VantageCare Retirement Health Savings (RHS) Plan for your employees. RHS allows governmental employers and employees to accumulate assets to pay for health insurance and out-of-pocket medical expenses in retirement. The RHS Plan has a number of advantages including tax-deferred contributions, tax-deferred investment earnings, and tax-free withdrawals for eligible medical expenses for participants, their spouses and dependents.

The steps needed to establish your RHS Plan are outlined below.

1. Review the VantageCare RHS Plan materials in this booklet to become familiar with the options available in the program.

- » Section II contains documents that must be completed and returned to ICMA-RC in order for your RHS Plan to be established, including the RHS Adoption Agreement, Implementation Data Form and EZLink Access Form.

Section III contains documents that you retain for your files, including the Integral Part Trust Document and a sample welfare plan document. Section III also includes a copy of the Private Letter Ruling obtained by ICMA-RC in conjunction with the original adopting VantageCare RHS employer.

You have also been provided two copies of the Administrative Services Agreement: the contract between you and ICMA-RC for administration of the RHS program. One copy of this Agreement must be returned to ICMA-RC along with your RHS adoption materials.

You may also want to review the materials included in the VantageCare RHS Employer Folder, available from your Retirement Plans Specialist or by calling our Employer Services Unit at 1-800-326-7272. These materials include the *Employer Question and Answer Brochure*, *Plan Adoption Summary* and *Plan Design Options*, and the *VantageCare Retirement Health Savings Plan Fund Options Sheet*.

2. Decide on your RHS plan design features, such as employee group coverage, contribution sources, funding levels, benefit eligibility timing, and type

of eligible medical expenses. Meet with covered employee groups as appropriate. This may include collective bargaining groups.

3. Prepare the required documents.
 - » VantageCare RHS Plan Declaration of Trust
 - » Retiree Welfare Benefits Plan (if one does not already exist)
 - » VantageCare RHS Plan Adoption Agreement
 - » Implementation Data Form
 - » EZLink Access Form
 - » Administrative Services Agreement
 - » Governing Body Resolution or Affirmative Statement of Adoption

PLEASE NOTE

If you would like ICMA-RC to review your adoption materials prior to formal execution, please contact your Retirement Plans Specialist. This review may make your adoption more efficient, as any outstanding questions can be discussed prior to formal adoption.

Additional information on each required document is included later in this booklet under "VantageCare RHS Plan Adoption Materials".

4. Return the following executed documents to ICMA-RC.
 - » VantageCare RHS Plan Adoption Agreement
 - » Implementation Data Form
 - » EZLink Access Form
 - » Administrative Services Agreement
 - » Governing Body Resolution or Affirmative Statement of Adoption
5. ICMA-RC will set up your plan in our recordkeeping system and send you a Notice of Plan Acceptance. At that point, you may hold employee education/enrollment meetings and help your employees begin saving for their retirement health costs.

PLEASE NOTE

At any point in the RHS Plan adoption process, you should feel free to contact your Retirement Plans Specialist regarding plan design issues. You may be referred to a member of ICMA-RC's RHS Product Team for questions of a technical nature.

For questions on the adoption process itself, contact ICMA-RC's RHS New Business Analyst at 1-800-326-7272 for assistance.

VANTAGECARE RHS PLAN ADOPTION MATERIALS

The following documents are required in order to establish your VantageCare RHS Plan:

- VantageCare RHS Plan Declaration of Trust
- Retiree Welfare Benefits Plan
- VantageCare RHS Plan Adoption Agreement*
- Implementation Data Form*
- EZLink Access Form*
- Administrative Services Agreement*
- Governing Body Resolution or Affirmative Statement of Adoption*

** Documents noted with an * must be returned to ICMA-RC for RHS Plan adoption.*

VantageCare Retirement Health Savings Plan Documents

The following three documents collectively comprise your VantageCare Retirement Health Savings Plan.

VantageCare RHS Plan Declaration of Trust

The VantageCare RHS Plan Declaration of Trust is included in Section III.

The Declaration of Trust establishes the legal entity that will hold the assets you set aside to pay for your employees' retiree health benefits, and lays out the duties of the employer and Trustee with respect to the trust.

If you do not wish to use the model trust agreement provided by ICMA-RC, you may draft an individually designed document in conjunction with your human resources or benefits counsel. However, if you do not use the model trust document, or if you make changes to the

model document, your individually designed document must be reviewed and approved by ICMA-RC prior to adoption of your RHS Plan. This will ensure that your document meets the requirements for integral part trusts, and that ICMA-RC can administer all provisions of your plan.

If you use the model Declaration of Trust, you do not need to return the document to ICMA-RC. It is for your files only.

The model trust document has been worded broadly to encompass any employer's RHS program. In most situations, as with your 457 and 401 retirement programs, the employer will act as Trustee. Some employers name the jurisdiction (e.g., City or County) as Trustee. Others name a particular position (e.g., Finance Director, Human Resources Manager) or a group (e.g., Deferred Compensation Committee, Retiree Health Committee) within the jurisdiction. When the employer is named as Trustee, the terms Administrator and Trustee in the Trust Declaration will refer to the employer. Each reference to the employer, Administrator, or Trustee refers to the employer acting in the appropriate capacity.

- In some cases, the employer names a third-party as Trustee (e.g., a bank). In this case, the term Administrator refers to the employer while Trustee refers to that third-party Trustee. Employers interested in using the services of a third-party trustee may contact your Retirement Plans Specialist or ICMA-RC's RHS New Business Analyst for information.

PLEASE NOTE

In no case can ICMA-RC act as Trustee for your RHS Plan.

The Trust Declaration is not an agreement between you and ICMA-RC. The Declaration gives the employer (acting as Administrator) the ability to designate another entity (i.e., ICMA-RC) to perform administrative services for the RHS Plan. The Administrative Services Agreement (see below) constitutes the contract between you and ICMA-RC for these services.

Retiree Welfare Benefits Plan

A sample retiree welfare benefits plan is included in **Section III**.

The welfare benefits plan document identifies the underlying benefits available to the retiree such as medical, dental

and long-term care coverage. You may wish to discuss with counsel whether existing personnel policies or memoranda of understanding may qualify as a welfare benefits plan document.

If you do not already have a written retiree welfare benefit plan in place, you may use the simple sample document provided by ICMA-RC. If you wish, you may draft a welfare benefits plan in conjunction with your human resources or benefits counsel. It can be a simple document, but it should be in writing in order for your employees to enjoy tax-free treatment of the benefits they receive.

You do not need to return the welfare plan document to ICMA-RC. It is for your files only.

VantageCare RHS Plan Adoption Agreement*

The VantageCare RHS Plan Adoption Agreement is included in **Section II**.

The Adoption Agreement specifies the details of how your RHS Plan works. For example, the Adoption Agreement details employee (also called “participant”) eligibility requirements, sources of contributions, any restrictions on contributions, vesting provisions (if any), the types of benefits that will be funded by the RHS trust, and procedures to be followed in case of the death of the participant.

Specific instructions for completion of the Adoption Agreement are provided in Section II.

Other RHS Adoption Materials

Additional documents required for plan adoption include the following.

Implementation Data Form*

The Implementation Data Form is included in **Section II**. This form provides ICMA-RC with the necessary contact information to set up your RHS Plan.

EZLink Application*

The EZLink Application is included in **Section II**.

This form provides ICMA-RC with information necessary to establish your account(s) on EZLink, ICMA-RC’s web-based employer plan administration portal.

If you already use EZLink for your ICMA-RC provided 457 or 401 retirement plan, you need only complete Section 1 of the form.

Administrative Services Agreement*

Two copies of the Administrative Services Agreement are provided separately with your other RHS adoption materials.

The Administrative Services Agreement is the contract between you and ICMA-RC for administration of the RHS Plan. One signed copy must be returned to ICMA-RC. The other copy is for your files.

Governing Body Resolution or Affirmative Statement of Adoption*

A sample resolution and a sample affirmative statement of adoption are included in **Section II**.

Your governing body may require the execution of a formal Resolution to adopt the RHS Plan. Other jurisdictions may simply require an Affirmative Statement of Adoption. You may wish to speak with counsel to determine which action is required in your jurisdiction. ICMA-RC cannot make this determination for you.

** Documents noted with an * must be returned to ICMA-RC for RHS Plan adoption.*

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC’s VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. The employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.

SPECIFIC INSTRUCTIONS FOR VANTAGECARE RHS PLAN ADOPTION MATERIALS

PLEASE NOTE

At any point in the RHS Plan adoption process, you should feel free to contact your Retirement Plans Specialist regarding plan design issues. You may be referred to a member of ICMA-RC's RHS Product Team for questions of a technical nature.

For questions on the adoption process itself, contact ICMA-RC's RHS New Business Analyst at 1-800-326-7272 for assistance.

INSTRUCTIONS FOR SECTION II: ADOPTION DOCUMENTS TO RETURN TO ICMA-RC

Sample Resolution and Sample Affirmative Statement of Adoption

- Determine whether your jurisdiction requires a resolution to adopt the program, or if a less formal affirmative statement may be used.
- Review the appropriate sample document to ensure that it meets your local requirements.
- Complete and execute the document.
- Your RHS Plan number can be found on the Administrative Services Agreement, a letter with terms of your administrative agreement with ICMA-RC, included with your adoption materials.
- Return a copy of the executed document to ICMA-RC with your other RHS adoption materials.

PLEASE NOTE

If you do not use the sample resolution or affirmative statement of adoption, your individually designed adoption execution must include the following statements:

- That you are adopting the ICMA Retirement Corporation's VantageCare Retirement Health Savings Plan.
- That the assets shall be held in trust, with the Employer (or other named third party trustee) acting as trustee, for the exclusive benefit of Plan participants and their survivors, and that the assets shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan.

- That you have executed the Declaration of Trust in the form of either the model trust provided by ICMA-RC or a trust provided by you.*
- The title of the trustee for your RHS Plan.

**If you develop your own trust document, a copy must be provided to ICMA-RC for review prior to adoption of your RHS Plan.*

Employer VantageCare RHS Plan Adoption Agreement

- Review the features available in the RHS Plan.
- Determine the features that you wish to include in your Plan.
- Complete the Adoption Agreement, using the detailed instructions included in Section II.

You may wish to consult with your benefits counsel and your ICMA-RC Retirement Plans Specialist on the various features available in the Adoption Agreement.

PLEASE NOTE

If you are amending an existing RHS Plan, the Adoption Agreement is the only document that you need to complete and return to ICMA-RC. Please include a summary of changes you are making to your RHS Plan in your cover letter when you return the completed amended Adoption Agreement to ICMA-RC.

VantageCare RHS Plan Implementation Data Form

Complete the requested information regarding your RHS Plan contacts. The following information should help you in completing the Implementation Data Form.

5. **Primary Contact:** Complete this section with the information for the individual responsible for day-to-day administration and processing of RHS transactions. ICMA-RC will contact this individual with general questions regarding your RHS Plan, as well as questions regarding EZLink transmission of all items other than contributions (e.g., benefit eligibility dates).

- 15a. **Contribution Frequency:** Check the box for the frequency you will use most often. If contributions will be sent only at separation from service or retirement, check "Other" and write "At Separation" in the blank space.

- 15d. First Contribution Date Following Implementation:** Complete this blank with the expected first contribution remittance date. This is for informational purposes only, and does not need to be an exact date.
- 16-18. Claims Contact Information:** Please provide names of two individuals that we may contact regarding questions on participant claims, if necessary. These names will be provided to the third-party claims processor for questions on reimbursement requests or adjudication of claims, if necessary. The third-party claims processor generally resolves questions with the participant, but in some cases, communication with the employer is required. Two names are requested to ensure timely resolution of issues so that reimbursement checks may be issued.
- 19. Contribution Contact:** Please provide the information for the individual responsible for contribution remittances. If there are discrepancies in the EFT, check or wire amount remitted and the corresponding detail transmitted via EZLink, ICMA-RC will contact this individual to resolve the discrepancy. This individual should have access to all payroll/contribution information to ensure efficient processing of contributions and resolution of contribution questions.
- 20. Trustee Information:** The title of the individual or group acting as Trustee of your RHS Plan integral part trust is designated in your adopting resolution or affirmative statement of adoption. The individual you name in this section will receive reports on behalf of the Trustee (e.g., quarterly plan account statements, contribution confirmations, and confirmations for all reinvested dividends). See the section titled “VantageCare RHS Plan Adoption Materials” above for detailed information regarding naming of the Trustee for your integral part trust.
- You may specify in this Section whether you wish both the Employer and the Trustee to receive Plan reporting. If you wish only the Trustee to receive the reports, check the box as indicated. If you do not check the box, two sets of reports will be sent, one to the Primary Contact named in Section 5 and one to the Trustee named in this Section.
- 21. Billing (Fees) Contact:** Please provide the information for the individual to whom questions regarding employer paid fees, if any, should be directed.

EZLink Access Form

EZLink is the required employer data medium for all VantageCare RHS Plans.

- If you already use EZLink for other ICMA-RC sponsored programs, you need only complete Section 1. RHS access will be added for the individuals that already have EZLink access for your other programs.
- If you are new to EZLink, complete the entire form, following the instructions included on the form.

PLEASE NOTE

The VantageCare RHS Employer Manual contains detailed information on processing RHS transactions via EZLink. When your Plan is established you will be contacted by an EZLink Specialist, who can answer all questions regarding transmission of data to ICMA-RC.

Administrative Services Agreement

You received two copies of a VantageCare RHS Plan Administrative Services Agreement with your RHS Adoption materials. This document is located in the front cover booklet pocket.

- Review the Administrative Services Agreement, consulting with counsel if desired.
- Sign both copies.
- Retain one copy for your RHS files. Return the other original to ICMA-RC with your other adoption materials.

Upon receipt of all of your RHS adoption materials, ICMA-RC will review the documents for completeness and compliance with RHS Plan requirements. Once the review is complete, and any outstanding questions are answered, ICMA-RC will send you:

- a written Notice of Plan Acceptance
- a sample RHS employee enrollment kit
- a customized Announcement Letter that may be provided to your employees during enrollment
- complete instructions for submitting RHS Plan contributions (these instructions may also be found in Chapter Three of the VantageCare RHS Employer Manual, available in the Publications tab of EZLink once your plan is established).

INSTRUCTIONS FOR SECTION II: ADOPTION DOCUMENTS TO RETAIN IN YOUR FILES

Model VantageCare RHS Plan Declaration of Trust

- Review the Model Trust document. You may wish to review this document with counsel.
- Complete the title page of the Trust document with the name of the employer adopting the RHS Plan.
- Complete the blanks on pages III:43 and III:44.
- Execute the Trust. The employer and Trustee should sign. If the employer has been named Trustee, the employer should sign in both places as indicated.
- Retain the executed Trust document with your other RHS Plan materials.

PLEASE NOTE

If you make revisions to the Model Trust document, you must provide a copy to ICMA-RC for review prior to adoption of your RHS Plan. This review will be expedited if you provide a “redlined” version of the document, indicating provisions that have been revised.

Sample Retiree Welfare Benefits Plan

- Determine if you already have a welfare benefits plan in place that outlines the benefits available to your employees/retirees covered by the RHS Plan. You may wish to review this with counsel to determine if existing personnel policies or memoranda of understanding may be used.
- If you do not have a welfare benefits plan in place, review the sample welfare benefits plan. You may wish to review this document with counsel.
- Give the sample plan a name, such as City of XYZ Retiree Welfare Benefits Plan, and put this name in the RHS Adoption Agreement, Article IV.
- Complete the blanks in the Preamble and Section 1.01.
- Complete the blanks in Section 2.09, “Plan Year”. For purposes of the RHS Plan, most employers use a calendar year to coincide with the individual participant’s tax year.

- Complete the blank in Section 9.12 with the name of the State you are located in.
- Execute the document by signing it as indicated.
- Retain the executed Welfare Benefits Plan document with your other RHS Plan materials.

PLEASE NOTE

ICMA-RC does not need a copy of the Welfare Benefits Plan document, even if you make revisions to the document.

Private Letter Ruling on Integral Part Trust

ICMA-RC obtained a Private Letter Ruling (PLR) from the Internal Revenue Service (IRS) approving the tax-exempt status of the integral part trust. This PLR was obtained in conjunction with the first adopting RHS employer in late 1999.

The PLR included in this Booklet is for your information. You may want to keep it with your other RHS Plan materials.

Your use of ICMA-RC’s model integral part trust document will provide you with comfort that the trust for your RHS Plan is also within the IRS’ requirements for integral part trusts. This is similar to the comfort provided when you use ICMA-RC’s model 457 or 401 plan documents.

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC’s VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. The employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.



SECTION II:

ADOPTION DOCUMENTS TO RETURN TO ICMA-RC



SUGGESTED RESOLUTION FOR ADOPTION

AND

SUGGESTED AFFIRMATIVE STATEMENT OF ADOPTION

SUGGESTED RESOLUTION FOR ADOPTION
and
SUGGESTED AFFIRMATIVE STATEMENT OF ADOPTION
SUGGESTED RESOLUTION FOR ADOPTION OF THE
VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN

Plan Number: 8 _____

Name of Employer: _____ State: _____

Resolution of the above-named Employer (the "Employer"):

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the establishment of a retiree health savings plan for such employees serves the interests of the Employer by enabling it to provide reasonable security regarding such employees' health needs during retirement, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that the establishment of the retiree health savings plan (the "Plan") serves the above objectives;

NOW, THEREFORE BE IT RESOLVED, that the Employer hereby adopts the Plan in the form of the ICMA Retirement Corporation's VantageCare Retirement Health Savings program.

BE IT FURTHER RESOLVED that the assets of the Plan shall be held in trust, with the following entity or individual serving as trustee (Select one):

- the Employer
- the following position within the Employer: _____
(insert title of individual acting as trustee)
- the following group or committee within the Employer: _____
(insert group or committee acting as trustee)
- the following third-party trustee: _____
(insert name of third-party trustee)

for the exclusive benefit of Plan participants and their survivors, and the assets of the Plan shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan. The Employer has executed the Declaration of Trust of the _____ Integral Part Trust in the form of: (Select one)

- The model trust made available by the ICMA Retirement Corporation
- The trust provided by the Employer (executed copy attached hereto).

BE IT FURTHER RESOLVED, that the _____ shall be the coordinator and contact for the Plan and shall receive necessary reports, notices, etc.

I, _____, Clerk of the _____ of _____, do hereby certify that the foregoing resolution, proposed by _____, was duly passed and adopted in the _____ of the _____ of _____, at a regular meeting thereof assembled this _____ day of _____, 20 _____, by the following vote:

AYES:
NAYS:
ABSENT:

(Seal) Clerk's Signature: _____
Clerk's Title: _____

SUGGESTED AFFIRMATIVE STATEMENT FOR ADOPTION OF THE VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN

Plan Number: 8 _____

Name of Employer: _____ State: _____

Affirmative Statement of the above-named Employer (the "Employer"):

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the establishment of a retiree health savings plan serves the interests of the Employer by enabling it to provide reasonable security regarding such employees' health needs during retirement, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that the establishment of the retiree health savings plan (the "Plan") serves the above objectives;

NOW THEREFORE, as a duly authorized agent of the Employer, I hereby:

ESTABLISH the Employer's Plan in the form of the ICMA Retirement Corporation's VantageCare Retirement Health Savings program; and

SPECIFY that the assets of the Plan shall be held in trust, with the following entity or individual serving as trustee (Select one):

- the Employer
- the following position within the Employer: _____
(insert title of individual acting as trustee)
- the following group or committee within the Employer: _____
(insert group or committee acting as trustee)
- the following third-party trustee: _____
(insert name of third-party trustee)

for the exclusive benefit of the Plan participants and their survivors, and the assets of the plan shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan. The Employer has executed the Declaration of trust of the _____ Integral Part Trust in the form of: (Select one)

- The model trust made available by the ICMA Retirement Corporation
- The trust provided by the Employer (executed copy attached hereto).

SPECIFY that the _____ shall be the coordinator and contact for the Plan and shall receive necessary reports, notices, etc.

DATE: _____

Title of Designated Agent

Signature

INSTRUCTIONS FOR COMPLETING THE EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN ADOPTION AGREEMENT

The Employer VantageCare Retirement Health Savings (RHS) Plan Adoption Agreement (pages II:23 through II:28) specifies the details of how your RHS Plan will operate. For example, the adoption agreement details employee eligibility requirements, sources of contributions, the level of contributions, vesting provisions (if any), the types of benefits that will be funded by the RHS Trust, and procedures to be followed in case of the death of the employee. The following instructions outline how the adoption agreement should be completed. Any questions regarding the adoption agreement can be directed to your ICMA-RC Retirement Plans Specialist. You may also wish to consult with your benefits counsel.

Plan Number

Please insert your RHS Plan number. The Plan number can be found on the front of your RHS Plan Administrative Services Agreement included with your RHS Plan adoption materials.

New Plan or Amendment to Existing Plan

Check the appropriate box to specify whether you are establishing a new RHS Plan or amending an existing Plan.

PLEASE NOTE

If you are amending an existing RHS Plan, please complete the entire Adoption Agreement, including items that are not being amended. When you send your amended document to us, please summarize the changes in your cover letter.

Employer Retirement Health Savings Plan Name

Enter the name of your RHS Plan (e.g., City of City name RHS Plan for General Employees).

I. Employer Name and State

Enter the official name of the employer sponsoring the RHS Plan (e.g. City of City name) and your State.

III. Effective Date of the Plan

Enter the date your RHS Plan will become effective.

The effective date determines the employees that may participate - employees that separate from service prior to the effective date may not participate.

IV. Welfare Plan

Enter the name(s) of the employee welfare benefit plan(s) that will be funded through the RHS Plan (e.g., City of City name Retiree Welfare Benefits Plan). If you do not already have a retiree welfare plan in place, a sample plan is provided in Section III of the booklet.

V. Eligible Groups, Participation and Participant Eligibility Requirements

A. Eligible Groups: This section is used to designate the employee group(s) that is covered under your RHS Plan. The coverage group specified in your adoption agreement should correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents in effect in your state or locality.

One Plan vs Multiple Plans: If you intend to provide different program features that must be administered differently by ICMA-RC for each group to different groups of employees, you must establish distinct RHS Plans and complete a separate adoption agreement for each group. Features that require separate plans are as follows:

- Vesting Schedule (Section VII.A.)
- Forfeiture Allocation Provision (Section VIII.)
- Permissible Medical Benefit Payments (Section X.)

PLEASE NOTE

You may want to establish separate RHS Plans even if separate plans are not required. For example, if you establish different benefit eligibility criteria in Section IX for different employee groups, you may want to establish separate plans for these groups in order to make plan administration simpler.

If the only difference in your plan is in the contribution structure (e.g., types of contributions or contribution limitations), you may include all employee groups in one plan or establish separate plans. Some employers prefer to keep employee groups separate for payroll processing or collective bargaining reasons.

Welfare Plan Nondiscrimination Rules:

Please note that if your RHS Plan covers any non-collectively bargained employees, AND if it provides for reimbursement of any medical expenses other than insurance premiums, the welfare plan nondiscrimination rules will apply. More information regarding these rules is available in the VantageCare RHS Plan Questions And Answers For Employers, the VantageCare RHS Plan Employer Manual, and the Summary of Welfare Plan Nondiscrimination Rules included in this package.

- B. Participation:** The RHS Plan requires participation of all employees in the covered group (Mandatory Participation). Employees may not opt out of participation as long as they are in the covered group(s) (current employees and future hires).
- C. Employee Eligibility:** If desired, you may specify a minimum period of service (e.g. 6 months) and/or minimum age (e.g. age 21) requirement. Employees that have not met these requirements may not join the plan under the Mandatory Participation.

VI. Contribution Sources and Amounts

This section defines the amount and types of contributions to your RHS Plan.

A. Definition of Earnings

The definition of Earnings specified in this section will be used for purposes of all contribution types included in your RHS Plan:

- » direct employer contributions made as a percentage of earnings
- » mandatory contributions of Employee compensation

B. Direct Employer Contributions and Mandatory Employee Contributions

You may choose to include the following contribution types in your RHS Plan:

- » direct employer contributions
- » mandatory contributions of Employee accumulated unused leave
- » mandatory contributions of Employee compensation, or

- » a combination of the above.

Employees that are mandatorily participating in the RHS Plan will receive these contributions.

1. Direct employer contributions

Direct employer contributions can be made as a

- » percentage of earnings
- » specific dollar amount each Plan year per participant, or
- » a discretionary amount to be determined each year.

Direct employer contributions may be contributed in a lump sum, each pay period, or under any schedule determined by the Employer.

No FICA (Social Security and Medicare taxes) or federal income tax are payable at the time of contribution, and, if used for medical expenses of the participant, spouse or dependent, no FICA or federal income tax are payable at distribution. Where states follow federal income tax rules, state income taxes generally are not payable. Check with your state income tax department for additional information.

2. Mandatory Employee Compensation Contributions

Mandatory contributions of Employee compensation can be used as a way to share responsibility for funding your retirement health plan with your Employees.

You can establish a compensation contribution formula that best fits the needs of you and your covered Employees. For example, mandatory compensation contributions may take the form of either a reduction in salary (e.g., 1% of compensation is contributed to the Plan) or a decrease in the annual pay plan or merit increase (e.g., 1% of a 3% pay plan adjustment is contributed to the Plan). Mandatory contributions of Employee compensation are established by the Employer – ***Employees may not choose whether or not to make these contributions and they may not revise the contribution amount.***

No FICA (Social Security and Medicare taxes) or federal income tax are payable at the time of contribution, and, if used for medical expenses of the participant, spouse or dependent, no

FICA or federal income tax are payable at distribution. Where states follow federal income tax rules, state income taxes generally are not payable. Check with your state income tax department for additional information.

3. Mandatory Employee Leave Contributions

Mandatory contributions of Employee leave can be used as a way to share responsibility for funding your retirement health plan with your Employees.

You can establish an unused leave contribution formula that best fits the needs of you and your covered Employees. For example, you might require all accumulated leave in excess of a certain number of hours to be contributed to the RHS Plan on an annual basis. Mandatory contributions of Employee accrued leave are established by the Employer – ***Employees may not choose whether or not to make these contributions and they may not revise the contribution amount.***

No FICA (Social Security and Medicare taxes) or federal income tax are payable at the time of contribution, and, if used for medical expenses of the participant, spouse or dependent, no FICA or federal income tax are payable at distribution. Where states follow federal income tax rules, state income taxes generally are not payable. Check with your state income tax department for additional information.

PLEASE NOTE

Direct employer contributions made as a percentage of earnings, mandatory contributions of employee compensation that are made as a percentage of earnings or a discretionary amount that varies from Employee to Employee, as well as mandatory contributions of accumulated leave may subject to the plan to welfare plan nondiscrimination testing on non-insurance benefits paid. See the discussion in the VantageCare RHS Plan Questions and Answers For Employers and the VantageCare RHS Employer Manual, or contact your benefits counsel. RHS reimbursements that are considered to be “discriminatory” under these rules are reportable as taxable income to the retiree. See the VantageCare RHS Employer Manual for information on tax reporting of these payments.

C. Limits on Contributions

This section is used to establish an overall limitation on total contributions to each individual participant’s RHS account, if you wish to do so. While this is not a requirement of the program, you may do so to ensure that the RHS Plan does not provide benefits in excess of reasonable benefits normally provided by such a welfare plan. You may wish to speak with your benefits counsel.

You may limit total contributions to a specific percentage of earnings (as defined in this section) or a specific dollar amount. If you choose to place an overall limit on contributions, at the end of each Plan year, you will test total contributions from all sources (direct employer and mandatory employee) against your limit for each participant account. Contributions in excess of the limitation should be returned to the Participant as compensation or leave as the case may be, and the Participant’s Form W-2 should be adjusted accordingly for the year the compensation is returned.

Limits on each individual type of contribution (e.g., mandatory employee) are established within sections VI.A. and B.

RECORDKEEPING OF CONTRIBUTION TYPES

Note that the IRS considers direct employer contributions and mandatory accrued leave and mandatory compensation contributions, to be employer contributions. In other words, ***all contributions are considered to be employer contributions.*** However, ICMA-RC will recordkeep the direct employer contributions as a distinct source for participant reporting purposes. All other types of employee contributions -- mandatory accrued leave and mandatory employee compensation -- will be combined and shown as employee pre-tax contributions on participant statements.

The VantageCare RHS Employer Manual includes directions on how to report your contribution detail properly via EZLink.

VII. Vesting for Direct Employer Contributions

A. Vesting Schedule

You may place a vesting schedule on Direct Employer Contributions (Section VI.A.1). There is no minimum or maximum vesting period for RHS Plans. Examples of vesting schedules include:

- » 100% immediate vesting
- » cliff vesting (e.g., 100% vesting after 5 years of service)
- » graduated vesting (e.g., 10% vesting for each year of service with 100% vesting after 10 years)
- » vesting at retirement or some other specified event.

The RHS Plan default is 100% vesting for Direct Employer Contributions.

ICMA-RC will calculate vesting for each participant account if you choose a vesting schedule based on years of service. If you choose vesting at retirement or some other specified event, you will notify ICMA-RC via EZLink when 100% vesting occurs.

Mandatory employee contributions are always 100% vested.

B. Vesting Upon Certain Events

A participant's Direct Employer Contributions will automatically become 100% vested upon the Participant's

- » death
- » disability (as defined in Section IX.C)
- » retirement (as defined in Section VII.B.), and
- » attainment of benefit eligibility (as determined in Section IX).

You must define "retirement" for vesting purposes in this section.

PLEASE NOTE

If you establish benefit eligibility as separation from service, participants will become 100% vested in their Direct Employer Contributions immediately upon separation regardless of their years of service. If you do not wish for full vesting to occur at separation, you should establish benefit eligibility as an event other than separation (e.g., separation and a specific age, or one month after separation from service).

C. Rehired Employees

If an RHS participating Employee separates from service and is then rehired into a group covered by the same RHS Plan, the service completed prior to the Employee's first separation will not count for vesting purposes. The account balance, including any Direct Employer Contributions that were contributed prior to the first separation, will be subject to vesting as if the employee had no accumulated service.

VIII. Forfeiture Provisions

All RHS plans must contain a forfeiture provision, even if there is no vesting schedule on Direct Employer Contributions.

The forfeiture provision you specify in this section may be used in two situations:

- » Your RHS plan includes direct employer contributions subject to vesting: when a participant separates from service prior to attaining full vesting, the nonvested assets will be forfeited and used as you direct in this Section.
- » Upon the death of a participant: If there are no surviving spouse or dependents, remaining assets will revert to your RHS Trust to be utilized as you direct in this Section. Note that as long as there is a surviving spouse or dependent, no forfeiture will occur.

There are four forfeiture allocation methods:

- » Forfeited amounts will be used to offset your direct employer contributions for the next and succeeding contribution cycles until the forfeitures are depleted.
- » Forfeited amounts will be reallocated on an equal dollar basis among remaining plan participants.

- » Forfeited amounts will be reallocated among remaining plan participants based on account balances.
- » Forfeited amounts will revert to the employer to be used for any purpose. It is anticipated that few employers will choose this option, in order that RHS assets will continue to be used for the intended purpose of the RHS Plan for remaining participants.

Regardless of which forfeiture allocation method you choose, you must inform ICMA-RC at the time you wish to use the forfeited funds as outlined in the VantageCare RHS Employer Manual.

IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan

A. General Benefit Eligibility

This section defines your primary benefit eligibility provision(s). You may designate eligibility at:

- » Retirement (as defined in this Section or in Section VII.B).
- » Separation from service, with restrictions defined by the employer, if desired (e.g., separation from service and attainment of age 55). If no restrictions are desired, write “N/A” or “None” in the blank.
- » Attainment of a certain age.
- » A combination of retirement and a certain age.
- » Retirement or a certain age.

B. Termination Prior to General Benefit Eligibility

Use this section to specify benefit eligibility criteria for Employees that separate from service prior to attaining the general benefit eligibility you have selected in Section A. For example, if your general benefit eligibility criterion requires Employees to “retire” before they become eligible for benefits, you may have some Employees that separate from service prior to “retirement”; in this situation, you need to designate a specific time for those early-separating Employees to become eligible for benefits. You might specify immediate eligibility or a certain age (e.g. age 65 or the retirement age provided under your general pension program). If you do not specify benefit eligibility criteria in Section B., Employees that

leave employment prior to attainment of your general benefit eligibility may never attain benefit eligibility, and their account will not be available for use until the Employee’s death.

C. Benefit Eligibility at Disability

Your RHS-participating Employees will automatically become eligible for medical benefit payments if they are disabled according to the definition chosen in this section. In all cases, you must notify ICMA-RC via EZLink when a participant is disabled under the definition you provide in this Section.

D. Benefit Eligibility at Death

Upon the death of the participating Employee, the surviving spouse and dependents will automatically become eligible for tax-free medical expense reimbursement. If there are no surviving spouse or dependents, the account balance will revert to the Employer’s RHS Trust to be reallocated as forfeitures under Section VIII. See Section XI.

X. Permissible Medical Benefit Payments

This section is used to designate the medical expenses that will qualify for reimbursement under your RHS Plan. You may offer reimbursement for all qualifying medical expenses as defined in Internal Revenue Code Section 213 (i.e. medical costs that would otherwise be deductible to the Employee on his or her individual income tax return) other than (i) direct long-term care expenses, and (ii) expenses paid after December 31, 2010, for medicines or drugs which are not prescribed drugs (other than insulin).

Alternatively, you may allow reimbursement of only specific types of medical expenses. For example, reimbursements may be made available only for health insurance premiums, COBRA premiums, Medicare supplemental insurance premiums, dental insurance premiums, out-of-pocket medical costs, qualified long-term care insurance, etc. You may allow reimbursement for only one benefit, or for any combination of qualifying medical costs. Information about what constitutes a qualifying medical expense can be found in IRS Publication 502, Medical and Dental Expenses (available on the IRS Web site at <http://www.irs.gov/>).

Note: Under current IRS rules for programs such as the RHS Plan, direct long-term care expenses are not an allowable expense. However, qualifying long term care insurance premiums are an allowable expense.

PLEASE NOTE

Each of the medical expense types listed in the second check box is included in “All Medical Expenses” (the first check box). If you intend to include all qualifying medical expenses in your Plan’s reimbursement rules, you should check the first box, rather than checking every item in the second check box.

PLEASE NOTE

If you include any non-insurance expenses as permissible medical benefit payments, you may need to perform welfare plan nondiscrimination testing. See the discussion in the *VantageCare RHS Plan Questions and Answers For Employers* and the *VantageCare RHS Employer Manual* or contact your benefits counsel.

XI. Benefits After the Death of the Participant

This section defines the treatment of the participant’s account balance at death.

A. Surviving Spouse and/or Surviving Dependents

Upon the death of the participant, the surviving spouse and/or surviving eligible dependents are immediately eligible to maintain the account and utilize it only for the purpose of reimbursing eligible medical benefits.

When a participant dies, ICMA-RC must be notified by the filing of the *VantageCare RHS Plan Decedent Information Form*. ICMA-RC will create a new account in the name of the spouse or the oldest dependent (if there is no spouse) and move all funds into Dreyfus Cash Management fund* (or another default investment fund named by the Employer). The transferee may move the money into other investments once the new account has been established.

If the deceased participant’s account balance is not fully depleted upon the death of the surviving

spouse, remaining dependents may continue to use the account. Upon the death of all eligible dependents, the account balance will revert to the Employer’s RHS Trust to be reallocated as forfeitures under Section VIII.

B. No Surviving Spouse or Dependents

If there are no surviving spouse or dependents, the account balance will revert to the Employer’s RHS Trust to be reallocated as forfeitures under Section VIII.

When a participant dies, ICMA-RC must be notified by the filing of the *VantageCare RHS Plan Decedent Information Form*.

XII. Other Provisions

This section defines other provisions of the RHS Plan, including:

- » RHS Plan administration must be accomplished via ICMA-RC’s EZLink System.
- » RHS Plan fee payment.
- » Definition of dependent.
- » Employer responsibilities for tax reporting and remittance for payments deemed taxable under the nondiscrimination rules.

XIII. Employer Acknowledgements

- A. This section acknowledges that the Employer understands the significance of completing the Adoption Agreement properly to safeguard the tax-free status of the contributions and distributions from the Plan.
- B. If you have policies or procedures (such as Memoranda of Understanding or Personnel Policies) referenced in this document that you wish to be a part of this plan, you should check the box in this section, indicating that you are attaching these documents as part of your Employer Signature Plan.

After you have completed the Adoption Agreement, it should be signed and returned to ICMA-RC with the other documents outlined in VantageCare RHS Plan Adoption Materials above.

**An investment in the Dreyfus Cash Management money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. You may visit us at www.icmarc.org or call 800-669-7400 to obtain a prospectus that contains this and other information about the fund. Read the prospectus carefully before investing.*

PLEASE NOTE

The information in this Booklet takes into account only the federal tax rules related to ICMA-RC's VantageCare Retirement Health Savings Plan. Prior to implementing an RHS plan, the employer is responsible for determining that there are no state or local laws that would prohibit it from offering the plan to its employees. The employer must also determine that the options it selects in the VantageCare Retirement Health Savings Plan Adoption Agreement fall within state/local requirements. Employer is responsible for determining that the investments selected for the RHS plan fall within state/local requirements.



**EMPLOYER VANTAGECARE
RETIREMENT HEALTH SAVINGS (RHS) PLAN
ADOPTION AGREEMENT**

**EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN
ADOPTION AGREEMENT**

Plan Number: 8 03454 Check one: New Plan Amendment to Existing Plan

Employer Retirement Health Savings Plan Name:

I. **Employer Name:** City of Sacramento State: CA

II. **The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.**

III. **Effective Date of the Plan:** July 1, 2014

IV. **The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer:** City of Sacramento (insert name per page 43 in section III)

V. **Eligible Groups, Participation and Participant Eligibility Requirements**

A. **Eligible Groups**

The following group or groups of Employees are eligible to participate in the VantageCare Retirement Health Savings Plan (check all applicable boxes):

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees – Police
- Public Safety Employees – Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit(s)) Rep Unit 02, hired on or after September 3, 2013
- Other (specify group(s)) _____

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

B. **Participation**

Mandatory Participation: All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

C. **Participant Eligibility Requirements**

1. Minimum service: The minimum period of service required for participation is N/A (write N/A if no minimum service is required).
2. Minimum age: The minimum age required for eligibility to participate is N/A (write N/A if no minimum age is required).

VI. Contribution Sources and Amounts

A. Definition of Earnings

The definition of Earnings will apply to all RHS Contribution Features that reference "Earnings", including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: Mandatory Employee Compensation Contributions as defined below.

B. Direct Employer Contributions and Mandatory Contributions

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant

- _____ % of Earnings
 - \$ _____ each Plan Year
 - A discretionary amount to be determined each Plan Year
 - Other (describe): _____
-

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary - 2 % of Earnings or \$ _____ will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of Mandatory Contributions of Employee Compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining Mandatory Employee Leave contributions):

- Accrued Sick Leave _____
 - Accrued Vacation Leave _____
 - Other (specify type of leave) Accrued _____ Leave
-

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

C. Limits on Total Contributions (check one box)

The total contribution by the Employer on behalf of each Participant (including Direct Employer and Mandatory Employee Contributions) for each Plan Year shall not exceed the following limit(s) below. Limits on individual contribution types are defined within the appropriate section above.

- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.
- _____ % of earnings*
 - *Definition of earnings: Same as Section VI.A.. Other
- \$ _____ for the Plan year.

See Section V.B. for a discussion of nondiscrimination rules that may apply to non-collectively bargained self-insured Plans.

VII. Vesting for Direct Employer Contributions

A. Vesting Schedule (check one box)

- The account is 100% vested at all times.
- The following vesting schedule shall apply to Direct Employer Contributions as outlined in Section VI.B.1.:

Years of Service Completed	Vesting Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

B. The account will become 100% vested upon the death, disability, retirement*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.

*Definition of retirement (check one box):

- Retirement as defined in the primary retirement plan of the Employer
- Separation from service
- Other _____

C. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.

VIII. Forfeiture Provisions

Upon separation from the service of the Employer prior to attainment of benefit eligibility (as outlined in Section IX), or upon reversion to the Trust of a Participant's account assets remaining upon the participant's death (as outlined in Section XI), a Participant's non-vested funds shall (check one box):

- Remain in the Trust to be reallocated among all remaining Employees participating in the Plan as Direct Employer Contributions for the next and succeeding contribution cycle(s).
- Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants.
- Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.
- Revert to the Employer.

IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan

A. A Participant is eligible to receive benefits:

- At retirement only (also complete Section B.)
Definition of retirement:
 - Same as Section VII.B.
 - Other _____

- At separation from service with the following restrictions
 - No restrictions
 - Other _____

- At age _____ only
- At retirement and age _____ (also complete section B)
Definition of retirement:
 - Same as Section VII.B.
 - Other _____

- At retirement **or** age _____
Definition of retirement:
 - Same as Section VII.B.
 - Other _____

- Other, specified as follows (also complete Section B if applicable): _____

B. Termination prior to general benefit eligibility: In the case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from the service of the Employer prior to retirement will be eligible to receive benefits:

- Immediately upon separation from service.
- At age _____ .

C. A Participant that becomes totally and permanently disabled

- as defined by the Social Security Administration
- as defined by the Employer's primary retirement plan
- other _____

will become immediately eligible to receive medical benefit payments from his/her VantageCare Retirement Health Savings Plan account.

D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.

X. Permissible Medical Benefit Payments

Benefits eligible for reimbursement consist of:

- All Medical Expenses eligible under IRC Section 213* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin).
- The following Medical Expenses eligible under IRC Section 213* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin). Select only the expenses you wish to cover under the VantageCare Retirement Health Savings Plan:
 - Medical Insurance Premiums
 - Medical Out-of-Pocket Expenses*
 - Medicare Part B Insurance Premiums
 - Medicare Part D Insurance Premiums
 - Medicare Supplemental Insurance Premiums
 - Prescription Drug Insurance Premiums
 - COBRA Insurance Premiums
 - Dental Insurance Premiums
 - Dental Out-of-Pocket Expenses*
 - Vision Insurance Premiums
 - Vision Out-of-Pocket Expenses*
 - Qualified Long-Term Care Insurance Premiums
 - Non-Prescription medications allowed under IRS guidance*
 - Other qualifying medical expenses (describe)*

** See Section V.A. for a discussion of nondiscrimination rules which may apply to non-collectively bargained, self-insured Plans.*

XI. Benefits After the Death of the Participant

In the event of a Participant's death, the following shall apply:

A. Surviving Spouse and/or Surviving Dependents

The surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits specified in Section X above.

Upon notification of a Participant's death, the Participant's account balance will be transferred into Dreyfus Cash Management fund* (or another fund selected by the Employer). The account balance may be reallocated by the surviving spouse or dependents.

**An investment in the Dreyfus Cash Management money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. You may visit us at www.icmarc.org or call 800-669-7400 to obtain a prospectus that contains this and other information about the fund. Read the prospectus carefully before investing.*

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert to the Plan to be applied as specified in Section VIII.

B. No Surviving Spouse or Surviving Dependents

If there are no living spouse or dependents at the time of death of the Participant, the account will revert to the Plan to be applied as specified in Section VIII.

XII. The Plan will operate according to the following provisions:

A. Employer Responsibilities

- 1. The Employer will submit all VantageCare Retirement Health Savings Plan contribution data via electronic submission.
- 2. The Employer will submit all VantageCare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification and benefit eligibility notification.

B. Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.

C. Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her Survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to a third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).

D. An eligible dependent is (a) the Participant’s lawful spouse, (b) the Participant’s child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.

E. The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the VantageCare Retirement Health Savings Plan Employer Manual.

XIII. Employer Acknowledgements

A. The Employer hereby acknowledges it understands that failure to properly fill out this Employer VantageCare Retirement Health Savings Plan Adoption Agreement may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.

B. Check this box if you are including supporting documents that include plan provisions.

EMPLOYER SIGNATURE

By: John F. Shirey _____

Date: _____

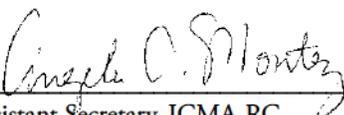
Title: City Manager _____

Attest: Shirley Concolino _____

Date: _____

Title: City Clerk _____

Accepted: VANTAGEPOINT TRANSFER AGENTS, LLC



Assistant Secretary, ICMA-RC



EMPLOYER IMPLEMENTATION DATA FORM

INSTRUCTIONS FOR COMPLETING THE VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN IMPLEMENTATION DATA FORM

Please ensure that each section of this form is completed before returning it to ICMA-RC along with the other RHS Plan adoption materials. You may contact Employer Services at 1-800-326-7272 if you have questions.

The following list of designations should help you while completing the Implementation Data Form:

5. Primary Contact

This person is responsible for the day-to-day administration and processing of RHS transactions. This is the person we call if general questions arise concerning your RHS Plan. ICMA-RC will also call this person regarding all EZLink transmission questions with the exception of questions regarding contributions.

14. Claims Contact

This person(s) will be responsible for coordinating with the RHS third-party claim administrator.

17. Contribution Contact

This person is responsible for sending contributions to ICMA-RC. If there are discrepancies in the actual EFT, check or wire amounts and the corresponding detail transmitted via EZLink, this is the person we will contact to resolve the issue. This person should have access to all payroll/contribution information to ensure efficient processing of contributions.

18. Trustee

The title of this person is designated in the resolution, if required by state or local law. If a different person obtains the same title, you may use this form to update the name change. If your state or local law requires a resolution, you must have your legislative body pass a new resolution to update the title of the person designated as Trustee. This person will receive all quarterly statements as well as confirmations for each contribution received and confirmations for all reinvested dividends.

19. Billing (Fees)

If ICMA-RC charges any employer paid fees to your account, this person will receive the invoices.



VantageCare Retirement Health Savings Plan Implementation Data Form – Page 1

Instructions to Employer: Provide necessary information to establish your plan properly.
Please contact your New Business Analyst at 1-800-326-7272, if you have any questions.

ICMA-RC Use Only: Employer # _____

<p>General Information</p>	<ol style="list-style-type: none"> 1. (902) Employer's Full Name: <u>City of Sacramento</u> 2. (924) Street Address: <u>915 I Street, Historic City Hall, Room 18</u> (925) _____ 3. (918) City: <u>Sacramento</u> (919) State: <u>CA</u> (920) Zip Code: <u>95814</u> 4. (633) Primary Contact: <u>Kimberly Isaacs</u> 5. (634) Primary Contact Title: <u>Benefits Manager</u> 6. (631) Primary Contact Telephone #: (<u>916</u>) <u>808-7657</u> 7. (632) Fax #: (<u>916</u>) <u>808-7326</u> 8. (PT00) E-mail Address: <u>kisaacs@cityofsacramento.org; ddeprato@cityofsacramento.org</u> <i>This email will be used to provide an electronic copy of your plan summary.</i> 9. (882) Employer's Federal Tax Identification Number: _____ 10. # of Employees: <u>5000</u> 11. # of Employees Eligible for Plan Participation: <u>40</u> 12. # of Employees Eligible to Receive Medical Benefits upon plan implementation: <u>40</u> 																				
<p>Plan Implementation Information</p>	<ol style="list-style-type: none"> 13. (611) Contribution Information: (Note: * = default) <table border="0" style="width: 100%;"> <tr> <td>a. Frequency: (check one):</td> <td><input checked="" type="checkbox"/> (0) Bi-weekly*</td> <td><input type="checkbox"/> (4) Monthly</td> <td><input type="checkbox"/> (8) Semi-quarterly</td> </tr> <tr> <td></td> <td><input type="checkbox"/> (1) Weekly</td> <td><input type="checkbox"/> (5) Semi-Monthly</td> <td><input type="checkbox"/> (9) Bi-annually</td> </tr> <tr> <td></td> <td><input type="checkbox"/> (2) Semi-weekly</td> <td><input type="checkbox"/> (6) Bi-quarterly</td> <td><input type="checkbox"/> (10) Annually</td> </tr> <tr> <td></td> <td><input type="checkbox"/> (3) Bi-monthly</td> <td><input type="checkbox"/> (7) Quarterly</td> <td><input type="checkbox"/> (11) Semi-annually</td> </tr> <tr> <td></td> <td colspan="3"><input type="checkbox"/> () Other: _____</td> </tr> </table> <p>b. Deposit Medium: (624) <input type="checkbox"/> Check * <input type="checkbox"/> Wire <input checked="" type="checkbox"/> EFT</p> <p>c. Data Medium: EZLink Required to participate in RHS Plan</p> <p>d. First Contribution Date Following Implementation: <u>??</u></p> 	a. Frequency: (check one):	<input checked="" type="checkbox"/> (0) Bi-weekly*	<input type="checkbox"/> (4) Monthly	<input type="checkbox"/> (8) Semi-quarterly		<input type="checkbox"/> (1) Weekly	<input type="checkbox"/> (5) Semi-Monthly	<input type="checkbox"/> (9) Bi-annually		<input type="checkbox"/> (2) Semi-weekly	<input type="checkbox"/> (6) Bi-quarterly	<input type="checkbox"/> (10) Annually		<input type="checkbox"/> (3) Bi-monthly	<input type="checkbox"/> (7) Quarterly	<input type="checkbox"/> (11) Semi-annually		<input type="checkbox"/> () Other: _____		
a. Frequency: (check one):	<input checked="" type="checkbox"/> (0) Bi-weekly*	<input type="checkbox"/> (4) Monthly	<input type="checkbox"/> (8) Semi-quarterly																		
	<input type="checkbox"/> (1) Weekly	<input type="checkbox"/> (5) Semi-Monthly	<input type="checkbox"/> (9) Bi-annually																		
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	<input type="checkbox"/> (3) Bi-monthly	<input type="checkbox"/> (7) Quarterly	<input type="checkbox"/> (11) Semi-annually																		
	<input type="checkbox"/> () Other: _____																				



VantageCare Retirement Health Savings Plan Implementation Data Form – Page 2

<p>Default Investment Option</p>	<p>The default fund will be used if a participant does not provide valid allocation instructions.</p> <p>If you do not make an election in this section, the Milestone Fund with the target date closest to a participant's 60th birthday will be used as your plan's default option.</p> <p>You may select the "Alternative Default" option if you would like to use a fund (or funds) other than the Milestone Funds as your plan's default option. Please see ICMA-RC's Standard Plan Fund Lineup at www.icmarc.org to complete this section.</p> <p>Note: Prior to selecting the "Alternative Default" option, employers should carefully review the Department of Labor's final regulations on qualified default investment alternatives (QDIAs). More information is available online at www.dol.gov or www.icmarc.org/ppa.</p> <p>Default Fund for Investment Allocations (Select one option):</p> <p><input checked="" type="checkbox"/> The Milestone Funds (Default) with a target retirement age of:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Age 60 (Default)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Age <u>57</u> (Input the Target Retirement Age to be used for your plan)</p> <p><input type="checkbox"/> Alternative Default _____ (Input the fund name that will be used as the plan's default investment option)</p>
<p>Claims Contact Information</p> <p>Please indicate alternate addresses in Comments Section</p>	<p>Plan Contacts (Complete item #18. If item #14-17 and 19 are left blank, the Primary Contact in #4 will receive mailings.)</p> <p>14. PT01 Contact Signature: _____ (200) Contact Name: <u>Kimberly Isaacs</u> (210) Contact Title: <u>Benefits Manager</u> (420) Telephone: (<u>916</u>) <u>808-7657</u> (421) Fax: (<u>916</u>) <u>808-7326</u></p> <p>15. PT08 Contact Signature: _____ (200) Contact Name: <u>Lori Swinehart</u> (210) Contact Title: <u>Program Analyst</u> (420) Telephone: (<u>916</u>) <u>808-6695</u> (421) Fax: (<u>916</u>) <u>808-7326</u></p> <p>16. PT09 Contact Signature: _____ (200) Contact Name: <u>Evelia Barrios</u> (210) Contact Title: <u>Personnel Technician</u> (420) Telephone: (<u>916</u>) <u>808-5725</u> (421) Fax: (<u>916</u>) <u>808-7326</u></p>
<p>Contribution Contact Information</p>	<p>17. PT02 (200) Contact Name: <u>Gary Clark</u> (210) Contact Title: <u>Principal Accountant</u> (420) Telephone: (<u>916</u>) <u>808-5209</u> (421) Fax: (<u>916</u>) <u>808-5444</u></p>



EZLINK ACCESS FORM



EZLINK ACCESS FORM INSTRUCTIONS

Who should use the EZLink Access form?

Plan Sponsors who would like to receive an EZLink USER ID and password for the first time and those who would like to change the access on a particular USER ID.

<p>1 Plan Coordinator Information</p>	<p>Please provide the name of the person at your plan who is designated as the plan coordinator. This person should also authorize access at the end of this form. If you want to verify your current plan coordinator, please call our Client Services Team at 1-800-326-7272 between 8:30 a.m. and 7:30 p.m. Eastern Time.</p>
<p>2 Adoption of Online Withdrawal Approval</p>	<p>Select this option to adopt online withdrawals.</p>
<p>3 Password Holder Information</p>	<p>We will use the information that you provide in this section to establish EZLink User ID's and passwords for additional members of your staff.</p> <p>If this is a change, please make sure to enter the staff members current User ID.</p> <p>To reassign this User ID to a new staff member, please provide the new users password holder information including their level of access.</p> <p>To update the current password holder's information, enter the new information.</p> <p>To remove this User ID, check the "Delete User ID" box. This will remove all information currently on file for this User ID and make it available for future use.</p> <p>Inquiry Balances/Reports: access plan and participant level information, including balances and investment allocations and view reports</p> <p>Enrollments/Rehires: enroll or rehire a participant online</p> <p>Participant Changes: update participant information such as name, address, marital status, title, phone number</p> <p>Contribution & Loan Repayments Detail: process contributions and loan repayments online using a prior payroll or submit pre-formatted files (in ICMA-RC format)</p> <p>Participant Data Transfer: submit a preformatted participant demographic change file (in ICMA-RC format) which includes enrollments, participant updates and view a customized data verification report.</p>
<p>4 Plan Coordinator Approval</p>	<p>Please have the plan coordinator sign and date this EZLink Access Form.</p>
<p>Minimum System Recommendations</p>	<ul style="list-style-type: none"> ⌚ Netscape Navigator Version 6.1, OR Microsoft Internet Explorer 5.0 ⌚ 128 Bit Encryption ⌚ High speed Internet access or minimum 56K modem ⌚ Pentium class PC ⌚ Windows NT, 1995 or later <p style="text-align: center;">OTHER SYSTEMS ARE NOT RECOMMENDED</p>

Please fax your completed EZLink Access Form to the "EZLink Administrator" at 1-202-962-4601

FRM000-019-200508



EZLINK ACCESS FORM – PAGE 1 OF 2

Plan Name* _____

Number* _____

Other Plan Number(s) (If Applicable) _____

(*This information must be completed to avoid processing delays.)

<p>1 Plan Coordinator Information</p>	<p>Plan Coordinator Name: _____ Title: _____</p> <p>Phone Number: _____ Fax: _____</p> <p>Email Address: _____</p> <p>Mailing Address: _____</p> <p>City: _____ State: _____ Zip: _____</p>																		
<p>2 Adoption of Online Withdrawal Approval</p>	<p><input type="checkbox"/> We hereby adopt Online Withdrawals and authorize ICMA-RC to permit disbursements from participant accounts upon receipt of termination dates. Additionally, we understand Online Withdrawals are only available for 401 and 457 plans, termination dates should be submitted in a timely manner, and employer approval is not required for individual disbursement requests. (Note: Please contact an EZLink Specialist at 1-800-326-7272, for information on submitting termination dates.)</p>																		
<p>3 Password Holder Information</p> <p><i>You must provide the "Password Holder Information" to establish User ID's and passwords for additional members of your staff</i></p>	<p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p> <hr/> <p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p> <hr/> <p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p>	Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N		Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N		Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N	
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Please fax your completed EZLink Access Form to the "EZLink Administrator" at 1-202-962-4601.

FRM000-019-200508



EZLINK ACCESS FORM – PAGE 2 OF 2

<p>3 Password Holder Information</p> <p><i>(continued)</i></p>	<p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p>	Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N	
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Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N							
<p>4 Plan Coordinator Approval</p> <p><i>(Plan coordinator User ID and password automatically generated.)</i></p>	<p>Select One: <input type="checkbox"/> Add New User ID <input type="checkbox"/> Reassign User ID <input type="checkbox"/> Update User ID <input type="checkbox"/> Remove User ID</p> <p>Name: _____ Current User ID: _____</p> <p>Title: _____</p> <p>Phone #: _____ Email Address: _____</p> <p>Access:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td style="width: 50%;">Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td>Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N</td> </tr> <tr> <td>Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N</td> <td></td> </tr> </table> <p><i>(name, address, etc.)</i></p>	Inquiry – Balances & Reports <input type="checkbox"/> Y <input type="checkbox"/> N	Contributions & Loan Repays <input type="checkbox"/> Y <input type="checkbox"/> N	Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N	
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Enrollments/Rehires <input type="checkbox"/> Y <input type="checkbox"/> N	Participant Data Transfer: <input type="checkbox"/> Y <input type="checkbox"/> N						
Participant Changes <input type="checkbox"/> Y <input type="checkbox"/> N							
<p>4 Plan Coordinator Approval</p> <p><i>(Plan coordinator User ID and password automatically generated.)</i></p>	<p>ICMA-RC considers participant information to be highly confidential, and we go to great lengths to avoid breaching that confidentiality. For this reason, ICMA-RC cannot be responsible for (i) negligent or intentional misuse of the password by the municipality's officers, employees, agents or contractors, (ii) a breach of confidentiality that may occur as a result of such negligent or intentional misuse of the password, or (iii) a breach of confidentiality that may occur as a proximate result of the municipality's access to the participant database. If the municipality uses EZLink online transaction processing, please remember to review all financial information you have entered for your participants, as ICMA-RC is not responsible for incorrect data transmitted by the municipality. ICMA-RC recommends that you encourage all participants to review statements and confirmations for accuracy.</p> <p>ICMA-RC's Web site is normally available 24 hours a day, seven days a week. However, service availability is not guaranteed. Neither ICMA-RC or its affiliates, the VantageTrust Company, nor The Vantagepoint Funds will be responsible for any loss (or forgone gain) you may incur as a result of service being unavailable.</p> <p>Please signify your agreement to these terms by signing in the space indicated below. You may fax this signed form to the EZLink Administrator at 1-202-962-4601. We will provide you with User ID(s) and Password(s) to begin using EZLink. Should you have questions regarding EZLink, please contact an EZLink Specialist at 1-800-326-7272.</p> <p>Agreed: _____ Date: _____</p> <p style="text-align: center;">Plan Coordinator</p> <p>Print Your Name _____</p>						

Please fax your completed EZLink Access Form to the "EZLink Administrator" at 1-202-962-4601.

FRM000-019-200508



VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN ADOPTION BOOKLET

SECTION III:

ADOPTION DOCUMENTS TO RETAIN IN YOUR FILES

Note: The documents in Section III do not need to be returned to ICMA-RC unless you make changes to the Declaration of Trust of the Integral Part Trust. If you make changes to this document, you must provide a copy to ICMA-RC for review prior to adoption of your RHS Plan.



DECLARATION OF TRUST OF THE

NAME OF EMPLOYER

INTEGRAL PART TRUST

**DECLARATION OF TRUST OF THE
NAME OF EMPLOYER
INTEGRAL PART TRUST**

Declaration of Trust made as of the _____ day of _____, 20____, by and between the _____, _____ a _____
(Name of Employer) (State) (Type of Entity)
(hereinafter referred to as the "Employer") and _____ or its designee (hereinafter referred to as the "Trustee").
(Name or Title of Trustee)

RECITALS

WHEREAS, the Employer is a political subdivision of the State of _____ exempt from
(State)
federal income tax under the Internal Revenue Code of 1986; and

WHEREAS, the Employer provides for the security and welfare of its eligible employees (hereinafter referred to as "Participants"), their Spouses and Dependents by the maintenance of one or more post-retirement welfare benefit plans, programs or arrangements which provide for life, sickness, medical, disability, severance and other similar benefits through insurance and self-funded reimbursement plans (collectively the "Plan"); and

WHEREAS, it is an essential function and integral part of the exempt activities of the Employer to assist Participants, their Spouses and Dependents by making contributions to and accumulating assets in the trust, a segregated fund, for post-retirement welfare benefits under the Plan; and

WHEREAS, the authority to conduct the general operation and administration of the Plan is vested in the Employer or its designee, who has the authority and shall be subject to the duties with respect to the trust specified in this Declaration of Trust; and

WHEREAS, the Employer wishes to establish this trust to hold assets and income of the Plan for the exclusive benefit of Plan Participants, their Spouses and Dependents;

NOW, THEREFORE, the parties hereto do hereby establish this trust, by executing the

Declaration of Trust of the _____ Integral Part Trust (hereinafter referred to as the
(Name of Employer)
"Trust"), and agree that the following constitute the Declaration of Trust (hereinafter referred to as the "Declaration"):

ARTICLE I

Definitions

- 1.1 Definitions. For the purposes of this Declaration, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.
- (a) **“Account”** means the individual recordkeeping account maintained under the Plan to record the interest of a Participant in the Plan in accordance with Section 7.3.
 - (b) **“Administrator”** means the Employer or the entity designated by the Employer to carry out administrative services as are necessary to implement the Plan.
 - (c) **“Beneficiary”** means the Spouse and Dependents, who will receive any benefits payable hereunder in the event of the Participant’s death. In the case where there is no Spouse or Dependents, any amount of contributions, plus accrued earnings thereon, remaining in the Account must, under the terms of the Plan, be returned to the Trust.
 - (d) **“Code”** means the Internal Revenue Code of 1986, as amended from time to time.
 - (e) **“Dependent”** means (a) the Participant’s lawful spouse, (b) the Participant’s child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.
 - (f) **“Investment Fund”** means any separate investment option or vehicle selected by the Employer in which all or a portion of the Trust assets may be separately invested as herein provided. The Trustee shall not be required to select any Investment Fund.
 - (g) **“Nonforfeitable Interest”** means the interest of the Participant or the Participant’s Spouse and Dependent (whichever is applicable) in the percentage of Participant’s Employer’s contribution which has vested pursuant to the vesting schedule specified in the Employer’s Plan. A Participant shall, at all times, have a one hundred percent (100%) Nonforfeitable Interest in the Participant’s own contributions.
 - (h) **“Spouse”** means the Participant’s lawful spouse as determined under the laws of the jurisdiction in which the Participant was married.
 - (i) **“Trust”** means the trust established by this Declaration.
 - (j) **“Trustee”** means the Employer or the person or persons appointed by the Employer to serve in that capacity.

ARTICLE II

Establishment of Trust

- 2.1 The Trust is hereby established as of the date set forth above for the exclusive benefit of Participants, their Spouses and Dependents.

ARTICLE III

Construction

- 3.1 This Trust and its validity, construction and effect shall be governed by the laws of the State of _____.
- 3.2 Pronouns and other similar words used herein in the masculine gender shall be read as the feminine gender where appropriate, and the singular form of words shall be read as the plural where appropriate.
- 3.3 If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions, and such provisions shall be construed to effectuate the purpose of this Trust.

ARTICLE IV

Benefits

- 4.1 **Benefits.** This Trust may provide benefits to the Participant, the Participant's Spouse and Dependents pursuant to the terms of the Plan.
- 4.2 **Form of Benefits.** This Trust may provide benefits by cash payment. This Trust may reimburse the Participant, his Spouse and Dependents for insurance premiums or other payments expended for permissible benefits described under the Plan. This trust may reimburse the Employer, or the Administrator for insurance premiums.

ARTICLE V

General Duties

- 5.1 It shall be the duty of the Trustee to hold title to assets held in respect of the Plan in the Trustee's name as directed by the Employer or its designees in writing. The Trustee shall not be under any duty to compute the amount of contributions to be paid by the Employer or to take any steps to collect such amounts as may be due to be held in trust under the Plan. The Trustee shall not be responsible for the custody, investment, safekeeping or disposition of any assets comprising the Trust, to the extent such functions are performed by the Employer or the Administrator, or both.
- 5.2 It shall be the duty of the Employer, subject to the provisions of the Plan, to pay over to the Administrator or other person designated hereunder from time to time the Employer's contributions and Participants' contributions under the Plan and to inform the Trustee in writing as to the identity and value of the assets titled in the Trustee's name hereunder and to keep accurate books and records with respect to the Participants of the Plan.

ARTICLE VI

Investments

- 6.1 The Employer may appoint one or more investment managers to manage and control all or part of the assets of the Trust and the Employer shall notify the Trustee in writing of any such appointment.
- 6.2 The Trustee shall not have any discretion or authority with regard to the investment of the Trust and shall act solely as a directed Trustee of the assets of which it holds title. To the extent directed by the Employer (or Participants or their Spouses and Dependents to the extent provided herein) the Trustee is authorized and empowered with the following powers, rights and duties, each of which the Trustee shall exercise in a nondiscretionary manner:

- (a) To cause stocks, bonds, securities, or other investments to be registered in its name as Trustee or in the name of a nominee, or to take and keep the same unregistered;
- (b) To employ such agents and legal counsel as it deems advisable or proper in connection with its duties and to pay such agents and legal counsel a reasonable fee. The Trustee shall not be liable for the acts of such agents and counsel or for the acts done in good faith and in reliance upon the advice of such agents and legal counsel, provided it has used reasonable care in selecting such agents and legal counsel;
- (c) To exercise where applicable and appropriate any rights of ownership in any contracts of insurance in which any part of the Trust may be invested and to pay the premiums thereon; and
- (d) At the direction of the Employer (or Participants, their Spouses, their Dependents, or the investment manager, as the case may be) to sell, write options on, convey or transfer, invest and reinvest any part thereof in each and every kind of property, whether real, personal or mixed, tangible or intangible, whether income or non-income producing and wherever situated, including but not limited to, time deposits (including time deposits in the Trustee or its affiliates, or any successor thereto, if the deposits bear a reasonable rate of interest), shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, mutual funds (including funds for which the Trustee or its affiliates serve as investment advisor, custodian or in a similar or related capacity), or in units of any other common, collective or commingled trust fund.

6.3 Notwithstanding anything to the contrary herein, the assets of the Plan shall be held by the Trustee as title holder only. Persons holding custody or possession of assets titled to the Trust shall include the Employer, the Administrator, the investment manager, and any agents and subagents, but not the Trustee. The Trustee shall not be responsible or liable for any loss or expense which may arise from or result from compliance with any direction from the Employer, the Administrator, the investment manager, or such agents to take title to any assets nor shall the Trustee be responsible or liable for any loss or expense which may result from the Trustee's refusal or failure to comply with any direction to hold title, except if the same shall involve or result from the Trustee's negligence or intentional misconduct. The Trustee may refuse to comply with any direction from the Employer, the Administrator, the investment manager, or such agents in the event that the Trustee, in its sole and absolute discretion, deems such direction illegal.

6.4 The Employer hereby indemnifies and holds the Trustee harmless from any and all actions, claims, demands, liabilities, losses, damages or reasonable expenses of whatsoever kind and nature in connection with or arising out of (i) any action taken or omitted in good faith by the Trustee in accordance with the directions of the Employer or its agents and subagents hereunder, or (ii) any disbursements of any part of the Trust made by the Trustee in accordance with the directions of the Employer, or (iii) any action taken by or omitted in good faith by the Trustee with respect to an investment managed by an investment manager in accordance with any direction of the investment manager or any inaction with respect to any such investment in the absence of directions from the investment manager. Notwithstanding anything to the contrary herein, the Employer shall have no responsibility to the Trustee under the foregoing indemnification if the Trustee fails negligently, intentionally or recklessly to perform any of the duties undertaken by it under the provisions of this Trust.

6.5 Notwithstanding anything to the contrary herein, the Employer or, if so designated by the Employer, the Administrator and the investment manager or another agent of the Employer, will be responsible for valuing all assets so acquired for all purposes of the Trust and of holding, investing, trading and disposing of the same. The Employer will indemnify and hold the Trustee harmless against any and all claims, actions, demands, liabilities, losses, damages, or expenses of whatsoever kind and nature, which arise from or are related to any use of such valuation by the Trustee or holding, trading, or disposition of such assets.

6.6 The Trustee shall and hereby does indemnify and hold harmless the Employer from any and all actions, claims, demands, liabilities, losses, damages and reasonable expenses of whatsoever kind and nature in connection with or arising out of (a) the Trustee's failure to follow the directions of the Employer, the Administrator, the investment manager, or agents thereof, except as permitted by the last sentence of Section 6.3 above; (b) any disbursements made without the direction of the Employer, the Administrator, the investment manager or agents thereof; and (c) the Trustee's negligence, willful misconduct, or recklessness with respect to the Trustee's duties under this Declaration.

ARTICLE VII

Contributions

- 7.1 **Employer Contributions.** The Employer shall contribute to the Trust such amounts as specified in the Plan or by resolution.
- 7.2 **Accrued Leave.** Contributions up to an amount equal to the value of accrued sick leave, vacation leave, or other type of accrued leave, as permitted under the Plan. The Employer's Plan must provide a formula for determining the value of the Participant's contribution of accrued leave. The Employer's Plan must contain a forfeiture provision that will prevent Participants from receiving the accrued leave in cash in lieu of a contribution to the Trust.
- 7.3 **Accounts.** Employer contributions, including mandatory Participant contributions, and contributions of accrued leave, all investment income and realized and unrealized gains and losses, and forfeitures allocable thereto will be deposited into an Account in the name of the Participant for the exclusive benefit of the Participant, his Spouse and Dependents. The assets in each Participant's Account may be invested in Investment Funds as directed by the Participant (or, after the Participant's death, by the Spouse or Dependents) or the Employer, as required under the Plan, from among the Investment Funds selected by the Employer.
- 7.4 **Receipt of Contributions.** The Employer or, if so designated by the Employer, the Administrator or investment manager or another agent of the Employer, shall receive all contributions paid or delivered to it hereunder and shall hold, invest, reinvest and administer such contributions pursuant to this Declaration, without distinction between principal and income. The Trustee shall not be responsible for the calculation or collection of any contribution under the Plan, but shall hold title to property received in respect of the Plan in the Trustee's name as directed by the Employer or its designee pursuant to this Declaration.
- 7.5 No amount in any Account maintained under this Trust shall be subject to transfer, assignment, or alienation, whether voluntary or involuntary, in favor of any creditor, transferee, or assignee of the Employer, the Trustee, any Participant, his Spouse, or Dependent.
- 7.6 Upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE VIII

Other Plans

If the Employer hereafter adopts one or more other plans providing life, sickness, accident, medical, disability, severance, or other benefits and designates the Trust hereby created as part of such other plan, the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer shall, subject to the terms of this Declaration, accept and hold hereunder contributions to such other plans. In that event (a) the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, may commingle for investment purposes the contributions received under such other plan or plans with the contributions previously received by the Trust, but the books and records of the Employer or, if so designated by the Employer, the Administrator or an investment manager or another agent of the Employer, shall at all times show the portion of the Trust Fund allocable to each plan; (b) the

term “Plan” as used herein shall be deemed to refer separately to each other plan; and (c) the term “Employer” as used herein shall be deemed to refer to the person or group of persons which have been designated by the terms of such other plans as having the authority to control and manage the operation and administration of such other plan.

ARTICLE IX

Disbursements and Expenses

- 9.1 The Employer or its designee shall make such payments from the Trust at such time to such persons and in such amounts as shall be authorized by the provisions of the Plan provided, however, that no payment shall be made, either during the existence of or upon the discontinuance of the Plan (subject to Section 7.6), which would cause any part of the Trust to be used for or diverted to purposes other than the exclusive benefit of the Participants, their Spouses and Dependents pursuant to the provisions of the Plan.
- 9.2 All payments of benefits under the Plan shall be made exclusively from the assets of the Accounts of the Participants to whom or to whose Spouse or Dependents such payments are to be made, and no person shall be entitled to look to any other source for such payments.
- 9.3 The Employer, Trustee and Administrator may be reimbursed for expenses reasonably incurred by them in the administration of the Trust. All such expenses, including, without limitation, reasonable fees of accountants and legal counsel to the extent not otherwise reimbursed, shall constitute a charge against and shall be paid from the Trust upon the direction of the Employer.

ARTICLE X

Accounting

- 10.1 The Trustee shall not be required to keep accounts of the investments, receipts, disbursements, and other transactions of the Trust, except as necessary to perform its title-holding function hereunder. All accounts, books, and records relating thereto shall be maintained by the Employer or its designee.
- 10.2 As promptly as possible following the close of each year, the Trustee shall file with the Employer a written account setting forth assets titled to the Trust as reported to the Trustee by the Employer or its designee.

ARTICLE XI

Miscellaneous Provisions

- 11.1 Neither the Trustee nor any affiliate thereof shall be required to give any bond or to qualify before, be appointed by, or account to any court of law in the exercise of its powers hereunder.
- 11.2 No person transferring title or receiving a transfer of title from the Trustee shall be obligated to look to the propriety of the acts of the Trustee in connection therewith.
- 11.3 The Employer may engage the Trustee as its agent in the performance of any duties required of the Employer under the Plan, but such agency shall not be deemed to increase the responsibility or liability of the Trustee under this Declaration.
- 11.4 The Employer shall have the right at all reasonable times during the term of this Declaration and for three (3) years after the termination of this Declaration to examine, audit, inspect, review, extract information from, and copy all books, records, accounts, and other documents of the Trustee relating to this Declaration and the Trustees' performance hereunder.

ARTICLE XII

Amendment and Termination

- 12.1 The Employer reserves the right to alter, amend, or (subject to Section 9.1) terminate this Declaration at any time for any reason without the consent of the Trustee or any other person, provided that no amendment affecting the rights, duties, or responsibilities of the Trustee shall be adopted without the execution of the Trustee to the amendment. Any such amendment shall become effective as of the date provided in the amendment, if requiring the Trustee's execution, or on delivery of the amendment to the Trustee, if the Trustee's execution is not required.
- 12.2 Upon termination of this Declaration and upon the satisfaction of all liabilities under the Plan to provide such benefits, any amount of Employer contributions, plus accrued earnings thereon, remaining in such separate Accounts must, under the terms of the Plan, be returned to the Employer.

ARTICLE XIII

Successor Trustees

- 13.1 The Employer reserves the right to discharge the Trustee for any or no reason, at any time by giving ninety (90) days' advance written notice.
- 13.2 The Trustee reserves the right to resign at any time by giving ninety (90) days' advance written notice to the Employer.
- 13.3 In the event of discharge or resignation of the Trustee, the Employer may appoint a successor Trustee who shall succeed to all rights, duties, and responsibilities of the former Trustee under this Declaration, and the terminated Trustee shall be deemed discharged of all duties under this Declaration and responsibilities for the Trust.

ARTICLE XIV

Limited Effect of Plan and Trust

Neither the establishment of the Plan and the Trust or any modification thereof, the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any person covered under the Plan or other person any legal or equitable right against the Trustee, the Administrator, the Employer or any officer or employee thereof, except as may otherwise be expressly provided in the Plan or in this Declaration.

ARTICLE XV

Protective Clause

Neither the Administrator, the Employer, nor the Trustee shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the Plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

IN WITNESS WHEREOF, the Employer and the Trustee have executed this Declaration by their respective duly authorized officers, as of the date first hereinabove mentioned.

EMPLOYER:

By: _____ Title: _____

TRUSTEE(S):

By: _____ Title: _____

By: _____ Title: _____

By: _____ Title: _____



NAME OF EMPLOYER

RETIREE WELFARE BENEFITS PLAN



RETIREE WELFARE BENEFITS PLAN

Table of Contents

Article I Preamble

- 1.01 Establishment of Plan
- 1.02 Purpose of Plan

Article II Definitions

- 2.01 “Benefits”
- 2.02 “Code”
- 2.03 “Dependent”
- 2.04 “Eligible Medical or Dental Expenses”
- 2.05 “Employer”
- 2.06 “Entry Date”
- 2.07 “Participant”
- 2.08 “Plan Administrator”
- 2.09 “Plan Year”
- 2.10 “Retiree”
- 2.11 “Spouse”

Article III Eligibility

- 3.01 General Requirements

Article IV Amount of Benefits

- 4.01 Annual Benefits Provided by the Plan
- 4.02 Cost of Coverage

Article V Payment of Benefits

- 5.01 Eligibility for Benefits
- 5.02 Claims for Benefits

Article VI Plan Administration

- 6.01 Allocation of Authority
- 6.02 Provision for Third-Party Plan Service Providers
- 6.03 Several Fiduciary Liability
- 6.04 Compensation of Plan Administrator
- 6.05 Bonding
- 6.06 Payment of Administrative Expenses
- 6.07 Timeliness of Payments
- 6.08 Annual Statements

Table of Contents (continued)

Article VII Claims Procedure

- 7.01 Procedure if Benefits are Denied Under the Plan
- 7.02 Requirement for Written Notice of Claim Denial
- 7.03 Right to Request Hearing on Benefit Denial
- 7.04 Disposition of Disputed Claims
- 7.05 Preservation of Other Remedies

Article VIII Amendment or Termination of Plan

- 8.01 Permanency
- 8.02 Employer's Right to Amend
- 8.03 Employer's Right to Terminate

Article IX General Provisions

- 9.01 No Employment Rights Conferred
- 9.02 Payments to Survivor
- 9.03 Nonalienation of Benefits
- 9.04 Mental or Physical Incompetency
- 9.05 Inability to Locate Payee
- 9.06 Requirement of Proper Forms
- 9.07 Source of Payments
- 9.08 Tax Effects
- 9.09 Multiple Functions
- 9.10 Gender and Number
- 9.11 Headings
- 9.12 Applicable Laws
- 9.13 Severability

Name of Employer

RETIREE WELFARE BENEFITS PLAN

ARTICLE I

Preamble

THIS INSTRUMENT made and published by _____ (hereinafter called "Employer") on the _____ day of _____, 20 _____, creates the _____ Retiree Welfare Benefits Plan, as follows:

1.01 Establishment of Plan

The Employer named above hereby establishes a Retiree Welfare Benefits Plan as of the _____ day of _____, 20 _____.

1.02 Purpose of Plan

This Plan has been established to reimburse the eligible Retirees of the Employer for medical and dental expenses incurred by them, their Spouses and Dependents pursuant to the Employer's VantageCare Retirement Health Savings (RHS) Plan.

ARTICLE II

Definitions

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

2.01 "Benefits" means any amounts paid to a Participant, Spouse or Dependents in the Plan as reimbursement for Eligible Medical and Dental Expenses incurred by the Participant during a Plan Year by him, his Spouse or his Dependents.

2.02 "Code" means the Internal Revenue Code of 1986, as amended.

2.03 "Dependent" means any individual who is a dependent of the Participant within the meaning of Code Sec. 152, as amplified by Internal Revenue Service Notice 2004-79, 2004-49 I.R.B.898.

2.04 "Eligible Medical Expenses" means those expenses designated by the Employer as eligible for reimbursement in the VantageCare Retirement Health Savings Plan Adoption Agreement.

2.05 "Employer" means the unit of state or local government creating this Plan, or any affiliate or successor thereof that likewise adopts this Plan.

2.06 "Entry Date" means the first day the Participant meets the eligibility requirements of Article III as of such Date.

2.07 "Participant" means any Retiree who has met the eligibility requirements set forth in Article III.

2.08 "Plan Administrator" means the Employer or other person appointed by the Employer who has the authority and responsibility to manage and direct the operation and administration of the Plan.

2.09 "Plan Year" means the annual accounting period of the Plan, which begins on the _____ day of _____, 20 _____, and ends on the _____ day of _____, 20 _____, with respect to the first Plan Year, and thereafter as long as this Plan remains in effect, the period that begins on _____, and ends on month/day _____.

2.10 “Retiree” means any individual who, while in the service of the Employer, was considered to be in a legal employer-employee relationship with the Employer for federal withholding tax purposes, and who was part of the classification of employees designated as covered by the Employer’s VantageCare Retirement Health Savings Plan.

2.11 “Spouse” means the Participant’s lawful spouse as determined under the laws of the jurisdiction in which participant was married. All other defined terms in this Plan shall have the meanings specified in the various Articles of the Plan in which they appear.

ARTICLE III

Eligibility

Each Retiree who meets the eligibility requirements outlined in the Employer’s VantageCare Retirement Health Savings Plan shall be eligible to participate in this Plan.

ARTICLE IV

Amount of Benefits

4.01 Annual Benefits Provided by the Plan

Each Participant shall be entitled to reimbursement for his documented, Eligible Medical Expenses incurred during the Plan Year in an annual amount not to exceed the account balance of the Participant in the Employer’s VantageCare Retirement Health Savings Plan.

4.02 Cost of Coverage

The expense of providing the benefits set out in Section 4.01 shall be contributed as outlined in the Employer’s VantageCare Retirement Health Savings Plan.

ARTICLE V

Payment of Benefits

5.01 Eligibility for Benefits

- a) Each Participant in the Plan shall be entitled to a benefit hereunder for all Eligible Medical Expenses incurred by the Participant on or after the Entry Date of his or her participation (and after the effective date of the Plan), subject to the limitations contained in this Article V, regardless whether the mental or physical condition for which the Participant makes application for benefits under this Plan was detected, diagnosed, or treated before the Participant became covered by the Plan.
- b) In order to be eligible for benefits, the Participant must meet the benefit eligibility criteria outlined in the Employer’s VantageCare Retirement Health Savings Plan Adoption Agreement.
- c) A Participant who becomes totally and permanently disabled (as defined by the Social Security Administration, by the Employer’s primary retirement plan, or otherwise by the Employer) will become immediately eligible to receive medical benefit payments from the Plan. Pursuant to Section 9.02 and Employer’s VantageCare Retirement Health Savings Plan Adoption Agreement, the surviving Spouse and Dependents shall become immediately eligible to receive or to continue receiving medical benefit payments from the Plan upon the death of the Participant.

5.02 Claims for Benefits

No benefit shall be paid hereunder unless a Participant, his Spouse or Dependent has first submitted a written claim for benefits to the Plan Administrator on a form specified by the Plan Administrator, and pursuant to the procedures set out in Article VI, below. Upon receipt of a properly documented claim, the Plan Administrator shall pay the Participant, his Spouse or Dependent the benefits provided under this Plan as soon as is administratively feasible.

ARTICLE VI

Plan Administration

6.01 Allocation of Authority

The Employer shall control and manage the operation and Administration of the Plan. The Employer shall have the exclusive right to interpret the Plan and to decide all matters arising thereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions. All determinations of the Employer with respect to any matter hereunder shall be conclusive and binding on all persons.

Without limiting the generality of the foregoing, the Employer shall have the following powers and duties:

- a) To decide on questions concerning the Plan and the eligibility of any Employee to participate in the Plan, in accordance with the provisions of the Plan;
- b) To determine the amount of benefits that shall be payable to any person in accordance with the provisions of the Plan; to inform the Plan Administrator, as appropriate, of the amount of such Benefits; and to provide a full and fair review to any Participant whose claim for benefits has been denied in whole or in part; and
- c) To designate other persons to carry out any duty or power which would otherwise be a fiduciary responsibility of the Plan Administrator, under the terms of the Plan.
- d) To require any person to furnish such reasonable information as it may request for the purpose of the proper administration of the Plan as a condition to receiving any benefits under the Plan;
- e) To make and enforce such rules and regulations and prescribe the use of such forms as he shall deem necessary for the efficient administration of the Plan.

6.02 Provision for Third-Party Plan Service Providers

The Plan Administrator, subject to approval of the Employer, may employ the services of such persons as it may deem necessary or desirable in connection with operation of the Plan. The Plan Administrator, the Employer (and any person to whom it may delegate any duty or power in connection with the administration of the Plan), and all persons connected therewith may rely upon all tables, valuations, certificates, reports and opinions furnished by any duly appointed actuary, accountant, (including Employees who are actuaries or accountants), consultant, third party administration service provider, legal counsel, or other specialist, and they shall be fully protected in respect to any action taken or permitted in good faith in reliance thereon. All actions so taken or permitted shall be conclusive and binding as to all persons.

6.03 Several Fiduciary Liability

To the extent permitted by law, neither the Plan Administrator nor any other person shall incur any liability for any acts or for failure to act except for his own willful misconduct or willful breach of this Plan.

6.04 Compensation of Plan Administrator

Unless otherwise agreed to by the Employer, the Plan Administrator shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of his duties shall be paid by the Employer.

6.05 Bonding

Unless otherwise determined by the Employer, or unless required by any Federal or State law, the Plan Administrator shall not be required to give any bond or other security in any jurisdiction in connection with the administration of this Plan.

6.06 Payment of Administrative Expenses

All reasonable expenses incurred in administering the Plan, including but not limited to administrative fees and expenses owing to any third party administrative service provider, actuary, consultant, accountant, attorney, specialist, or other person or organization that may be employed by the Plan Administrator in connection with the administration thereof, shall be paid by the Employer, provided, however that each Participant shall bear the monthly cost (if any) charged by a third party administrator for maintenance of his Benefit Account unless otherwise paid by the Employer.

6.07 Timeliness of Payment for Benefits

Payment for Benefits shall be made as soon as administratively feasible after the required forms and documentation have been received by the Plan Administrator.

6.08 Annual Statements

The Plan Administrator shall furnish each Participant with an annual statement of his medical expense reimbursement account within ninety (90) days after the close of each Plan Year.

ARTICLE VII

Claims Procedure

7.01 Procedure if Benefits are Denied Under the Plan

Any Participant, Spouse, Dependent, or his duly authorized representative may file a claim for a plan benefit to which the claimant believes that he is entitled. Such a claim must be in writing on a form provided by the Plan Administrator and delivered to the Plan Administrator, in person or by mail, postage paid. Within thirty (30) days after receipt of such claim, the Plan Administrator shall send to the claimant, by mail, postage prepaid, notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed forty-five (45) days from the end of the initial period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 30-day period. If such extension is necessary due to a failure of the Participant, Spouse or Dependent to submit the information necessary to decide the claim, the notice of extension shall describe the required information and the claimant shall be afforded at least forty-five (45) days from receipt of the notice within which to provide such information. The Plan Administrator shall have full discretion to deny or grant a claim in whole or in part. If notice of the denial of a claim is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to review pursuant to Sections 7.03 and 7.04.

7.02 Requirement for Written Notice of Claim Denial

The Plan Administrator shall provide, to every claimant who is denied a claim for benefits, written notice setting forth in a manner calculated to be understood by the claimant:

- a) The specific reason or reasons for the denial;
- b) Specific reference to pertinent Plan provisions on which the denial is based;
- c) A description of any additional material of information necessary for the claimant to perfect the claim and an explanation of why such material is necessary, and
- d) An explanation of the Plan's claim review procedure.

7.03 Right to Request Hearing on Benefit Denial

Within one-hundred eighty (180) days after the receipt by the claimant of written notification of the denial (in whole or in part) of his claim, the claimant or his duly authorized representative, upon written application to the Plan Administrator, in person or by certified mail, postage prepaid, may request a review of such denial, may review pertinent documents, and may submit issues and comments in writing.

7.04 Disposition of Disputed Claims

Upon its receipt of notice of a request for review, the Plan Administrator shall make a prompt decision on the review. The decision on review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent plan provisions on which the decision is based. The decision on review shall be made not later than sixty (60) days after the Plan Administrator's receipt of a request for a review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than one hundred-twenty (120) days after receipt of a request for review. If an extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial sixty (60) day period. If notice of the decision on the review is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to legal remedy pursuant to Section 7.05.

7.05 Preservation of Other Remedies

After exhaustion of the claims procedures provided under this Plan, nothing shall prevent any person from pursuing any other legal or equitable remedy otherwise available.

ARTICLE VIII

Amendment or Termination of Plan

8.01 Permanency

While the Employer fully expects that this Plan will continue indefinitely, due to unforeseen, future business contingencies, permanency of the Plan will be subject to the Employer's right to amend or terminate the Plan, as provided in Sections 8.02 and 8.03, below.

8.02 Employer's Right to Amend

The Employer reserves the right to amend the Plan at any time and from time-to-time, and retroactively if deemed necessary or appropriate to meet the requirements of the Code, or any similar provisions of subsequent revenue or other laws, or the rules and regulations in effect under any of such laws or to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan.

8.03 Employer's Right to Terminate

The Employer reserves the right to discontinue or terminate the Plan at any time without prejudice.

ARTICLE IX

General Provisions

9.01 No Employment Rights Conferred

Neither this Plan nor any action taken with respect to it shall confer upon any person the right to be continued in the employment of the Employer.

9.02 Payments After Death of Participant

Any benefits otherwise payable to a Participant following the date of death of such Participant shall be paid as outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.

9.03 Nonalienation of Benefits

No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person. If any person entitled to benefits under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under the Plan, or if any attempt is made to subject any such benefit to the debts, contracts, liabilities, engagements or torts of the person entitled to any such benefit, except as specifically provided in the Plan, then such benefit shall cease and terminate in the discretion of the Plan Administrator, and he may hold or apply the same or any part thereof to the benefit of any dependent of such person, in such manner and proportion as he may deem proper.

9.04 Mental or Physical Incompetency

If the Plan Administrator determines that any person entitled to payments under the Plan is incompetent by reason of physical or mental disability, he may cause all payments thereafter becoming due to such person to be made to any other person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Plan Administrator and the Employer.

9.05 Inability to Locate Payee

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because he cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts

have been made to identify or locate such person (including a notice of the payment so due mailed to the last known address of such Participant or other person as shown on the records of the Employer), such payment and all subsequent payments otherwise due to such Participant or other person shall be escheated under the laws of the State of the last known address of the Participant or other persons eligible for benefits.

9.06 Requirement of Proper Forms

All communications in connection with the Plan made by a Participant shall become effective only when duly executed on forms provided by and filed with the Plan Administrator.

9.07 Source of Payments

The Employer shall be the sole source of benefits under the Plan. No Employee, Spouse or Dependents shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee, Spouse or Dependents.

9.08 Tax Effects

Neither the Employer nor the Plan Administrator makes any warranty or other representation as to whether any payments received by a Participant, his Spouse or Dependents hereunder will be treated as includible in gross income for federal or state income tax purposes.

9.09 Multiple Functions

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

9.10 Gender and Number

Masculine pronouns include the feminine as well as the neuter gender, and the singular shall include the plural, unless indicated otherwise by the context.

9.11 Headings

The Article and Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.

9.12 Applicable Laws

The provisions of the Plan shall be construed, administered and enforced according to the laws of the State of _____.

9.13 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder thereof shall be given effect to the maximum extent possible.

IN WITNESS WHEREOF, we have executed this Plan Agreement the date and year first written above.

EMPLOYER

By: _____ Title: _____
Signature of Authorized Official

ATTEST (if applicable)

By: _____ Title: _____
Signature of Attestor



PRIVATE LETTER RULING ON INTEGRAL PART TRUST

Internal Revenue Service

Department of the Treasury

Index Number: 115.02-00

Washington, DC 20224

Contact Person:

Telephone Number:

In Reference to:
CC:DOM:FI&P:2 PLR-116685-99

Date:
December 28, 1999

City =

Trust =

State =

Dear :

This is in response to a letter dated October 12, 1999, and prior correspondence, requesting a private letter ruling that Trust is an integral part of City.

FACTS

City is a political subdivision of State. City currently maintains one or more post-retirement welfare benefit plans (collectively, the "Plan") that provide its eligible employees ("Participants") and their beneficiaries ("Beneficiaries") with life, sickness, medical, disability, severance and other similar benefits through insurance and self-funded reimbursement plans.

City intends to establish Trust to hold assets and income of the Plan for the exclusive benefit of Participants and their Beneficiaries.

Trust's Declaration defines "Beneficiaries" to include a Participant's spouse, any child of the Participant or the Participant's spouse who is a minor or a student within the meaning of section 151(c)(4) of the Internal Revenue Code, any other minor child residing with the Participant, and any other individual who is a person described in section 152(a) of the Code. Death benefits may be provided to any Beneficiary designated by a Participant under the terms of a death benefit program or an insurance contract forming part of the Plan. Trust

may provide benefits by cash payment, and may reimburse a Participant, City, or Trust's Administrator for insurance premiums or other payments expended for permissible benefits under the Plan.

Under Trust's Declaration, City will be the Administrator of Trust. City may appoint one or more investment managers to manage and control all or part of the assets of Trust. Under Trust's Declaration, the Trustee will hold assets only as titleholder. Persons having custody or possession of assets may include City, the Administrator of Trust, the investment manager, and their agents and subagents, but not the Trustee. The Trustee will have no discretion or authority with regard to the investments of Trust and will act solely as a directed Trustee with respect to the assets to which it holds title.

The Trustee will not be responsible or liable for any loss or expense that may arise or result from complying with any direction from the City, the Administrator, the investment manager, or such agents to take title to any assets, or from the Trustee's refusal or failure to comply with any direction to hold title, unless it involves or results from the Trustee's negligence or intentional misconduct. The Trustee may refuse to comply with any direction if it deems such direction illegal.

City indemnifies and holds the Trustee harmless from any actions, claims, demands, liabilities, losses, damages or reasonable expenses of any kind in connection with or arising out of (i) any action taken or omitted in good faith in accordance with its directions, (ii) any disbursements made in accordance with directions, or (iii) any action taken by or omitted by the Trustee with respect to an investment managed by an investment manager in accordance with any direction of the investment manager or any inaction regarding any investment in the absence of directions from the investment manager. City, however, has no responsibility to the Trustee under the indemnification if the Trustee fails negligently, intentionally, or recklessly to perform its duties.

City will contribute to Trust such amounts as specified in the Plan or by resolution. No other person or persons will be permitted to make any contributions.

The Plan must provide a formula for determining the value of a Participant's accrued vacation leave, sick leave, or both, in excess of a threshold number of hours of such leave. City may contribute amounts so determined to Trust. The Plan will contain a forfeiture provision that will prevent Participants and their Beneficiaries from receiving cash in lieu of a contribution to Trust in their behalf. Contributions, investment income, realized and unrealized gains and losses, and forfeitures will be deposited into an account in Trust in the name of the Participant

for the exclusive benefit of the Participant and his or her Beneficiaries. A Participant may direct the investment of amounts in her or his account among investments selected by City. No amount in any account will be subject to transfer, assignment, or alienation, whether voluntary or involuntary, in favor of any creditor, transferee, or assignee of City, the Trustee, Participant or Beneficiary.

City or the Administrator, investment manager, or other agent designated by City will receive contributions and will hold, invest, and administer contributions without distinction between principal and income. The Trustee will not be responsible for the calculation or collection of contributions, but will hold title to property received as directed by City or its designee. The Trustee will not be required to keep accounts of the investments, receipts, disbursements, and other transaction of Trust except as necessary to perform its title-holding function. City or its designee will maintain all books and records.

City reserves the right to alter, amend, or terminate Trust at any time for any reason without the consent of any person. No amendment affecting the Trustee is effective without the Trustee's consent, and no termination can result in any part of Trust's assets being used for or diverted to purposes other than the exclusive benefit of Participants and Beneficiaries.

If City adopts other plans providing life, sickness, accident, medical, disability, severance, or other benefits and designates Trust as part of such plan, City or its agent will hold contributions to such plan in Trust. The contributions may be commingled for investment purposes, but the books and record of Trust must show the portion of Trust allocable to each plan.

Upon the satisfaction of all liabilities under the Plan to provide benefits, any amounts remaining in any account must be returned to City.

LAW & ANALYSIS

Income of an integral part of a state or political subdivision of a state is not taxable absent specific statutory authorization. See Rev. Rul. 87-2, 1987-1 C.B. 18; section 511(a)(2)(B) of the Code, GCM 14407, C.B. XIV-1, 103 (1935), superseded by Rev. Rul. 71-131, 1971-1 C.B. 28. Whether an enterprise is an integral part depends on facts and circumstances such as the state's degree of control over the enterprise and its financial commitment to the enterprise. If an enterprise is an integral part of a state or political subdivision of a state, it will not be treated as a separate entity for federal tax purposes, though it may have been formed as a separate entity

under state law. Section 301.7701-1(a)(3) of the Procedural and Administrative Regulations.

City has made a substantial financial commitment to Trust by providing all of its funding. City retains complete control over Trust because it may amend or terminate Trust at any time. City retains control over the daily operation of Trust by its power to appoint or remove agents who manage daily operation. The Trustee is merely a title holder with no power to manage Trust.

CONCLUSION

Provided that City is the only person that makes contributions to Trust, and Trust accepts or holds only amounts of money contributed by City, Trust will be an integral part of City, and any income earned on amounts in Trust will not be subject to federal income tax.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Except as specifically provided otherwise, no opinion is expressed on the federal income tax consequences of the transaction described above.

In accordance with the terms of a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Assistant Chief Counsel
(Financial Institutions & Products)

By: William Coppersmith _____
William E. Coppersmith
Chief, Branch 2



IMPORTANT INFORMATION ON WELFARE PLAN NONDISCRIMINATION RULES

Important Information on Welfare Plan Nondiscrimination Rules

AN EMPLOYER'S VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN will generally be covered by nondiscrimination requirements that are already applicable to the employer's other health and welfare plans (under Internal Revenue Code Section 105(h)).

However, please note that nondiscrimination requirements will not apply in the following cases:

1. If the RHS Plan is limited to one or more collective bargaining groups,
2. In addition, if the RHS Plan limits reimbursement to insurance premiums only (e.g., health insurance premiums, Medicare supplemental insurance premiums, Medicare Part B insurance premiums, COBRA insurance premiums, long-term care insurance premiums),
3. If the plan provides for fixed dollar contributions for all employees.

If the RHS Plan does not fall into one of the three categories above, health and welfare nondiscrimination requirements will apply. (The testing for nondiscrimination would include only the portion of an RHS Plan that provides reimbursement for other than insurance premiums to non-collectively bargained employees.)

Generally speaking, there are two requirements if one of the above exemptions does not apply:

1. Coverage must be extended to at least 70% of employees (excluding part-time and seasonal employees, employees under age 25, and employees with less than 3 years of service). Once the employer has defined what the applicable coverage group is, up to 30% of that group can be excluded.
2. Benefits must be provided on a substantially equal basis to all covered employees. What this means in practical terms is that contributions must be substantially equal for each participant, and thus cannot be determined as a percentage of compensation.

Please note that failure to meet the nondiscrimination requirements does not result in disqualification of the RHS Plan. The ramifications of not meeting the require-

ments are that "excess benefits" paid to "highly compensated individuals" in the RHS plan are taxable as W-2 income to the participant.

An excess benefit is generally equal to the amount of the benefit made available to highly compensated individuals but not made available to other employees. Highly compensated individuals generally consist of the highest paid 25 percent of all employees.

What does all this mean?

It means that if the RHS plan covers only a collective bargaining unit or only reimburses insurance premiums, or provides for fixed dollar contributions the employer can establish it without concern for the nondiscrimination requirements.

Otherwise, the employer needs to consider the nondiscrimination requirements when developing its Plan. The employer may want to consider talking to benefits counsel to determine if these requirements will impact its RHS participants. Should an employer establish a plan that does not qualify for the exemptions from the nondiscrimination requirements and then does not meet the nondiscrimination requirements, the out-of-pocket expenses paid for highly compensated employees may be taxable.

ICMA-RC makes available a nondiscrimination testing calculator to assist employers. It is believed to produce accurate results but you are encouraged to discuss the results with a tax or benefits advisor. Contact your ICMA-RC Retirement Plans Specialist or our Client Services Teams at 800-326-7272 to request an electronic copy of the calculator.

FLY080-004-1107-1803-850



RHS ENROLLMENT AND CONTRIBUTION PROCESS

RHS Enrollment/Contribution Process

ICMA-RC's EZLink Team will assist the Employer through the RHS enrollment and contribution process. Please follow the steps below after the plan has been established.

STEP 1: Contact the EZLink Team

Contact the EZLink Team (800-326-7272) to conduct a test. Testing could take up to 2 weeks.

STEP 2: Enroll Participants on EZLink and send contribution file.

STEP 3: Send contribution dollars.

By electronic fund transfer:

Receiving Bank:	M&T Bank
Bank ABA for Wires:	022-000-046
Bank ABA for ACH:	052-000-113
Receiving Account Name:	Vantagepoint Transfer Agents
Receiving Account #:	89559029
OBI Field (for wires):*	80XXXX
Company ID (for ACH):	80XXXX

**The OBI Field and Company ID is the six digit RHS plan number. This information is required to properly credit your account.*

By check:

Make checks payable to Vantagepoint Transfer Agents and mail to lockbox address.

Vantagepoint Transfer Agents
c/o M&T Bank
P.O. Box 64636
Baltimore, MD 21264-4636



ATTN.: RECORDS MANAGEMENT UNIT
P.O. BOX 96220
WASHINGTON, DC 20090-6220
800-669-7400
WWW.ICMARC.ORG
EN ESPAÑOL LLAME AL 800-669-8216

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