



**FLEXIBLE BENEFITS PLAN - Section 125  
COMPENSATION REDUCTION AGREEMENT**

Name Printed \_\_\_\_\_

Social Security Number \_\_\_\_\_

If I elect to participate in the Landrum Professional Employer Services Flexible Benefits Plan, I will be paying my share of the cost of the benefit option(s) I've elected with pre-tax dollars. Under the Section 125 Plan, contributions for coverage are pre-tax. "Pre-tax" contributions to the Plan are not subject to federal or FICA (Social Security) taxes. I agree that my pay will be reduced by the amount of my required contribution for the benefit option(s) I have selected, continuing for each succeeding pay period until this agreement is amended or terminated. Based on the current Social Security law, my reduced FICA taxes will result in a very small reduction in my eventual Social Security benefit. This effect is very minor, compared with the value of the current tax savings.

The benefit options available to me, the types and amounts of coverages available under such options and the amount of my required contribution for each benefit option have been provided to me.

**If I have a change in status I must notify Landrum Professional Benefits Department within 30 days of this change in order to modify or revoke this benefit election during the Plan Year.**

I understand that I will not be permitted to change or revoke my election for coverage except as follows:

- On the January 1 Plan Anniversary Date each year, or
- During Open Enrollment for my insurance plans or the plans of my spouse or dependents, or;
- If my status changes. I will be considered to have a "change in status" if:
  - there is an event that changes my legal marital status, including marriage, death of a spouse, divorce, legal separation, or annulment;
  - there is an event that changes the number of my dependents including birth, adoption, placement for adoption or death of a dependent;
  - there is a change in my employment status or that of my spouse or dependent;
  - there is an event that causes my dependent to satisfy or cease to satisfy eligibility requirements for coverage;
  - there is a change in my place of residence or the place of residence of my spouse or dependent.
- If there is a significant increase or decrease in the cost of the benefit options made available.

Election changes during the Plan Year may also be available when they are on account of:

- Special health insurance plan enrollment rights established by the Health Insurance Portability and Accountability Act,
- Certain health plan continuation coverage rights (so-called "COBRA" rights),
- Certain divorce orders and court orders,
- Enrollment in Medicare or Medicaid,
- Certain rights available under the Family and Medical Leave Act.

**Any election to change or revoke this Benefit Election and Compensation Reduction Agreement must be consistent with the change in status as required by Internal Revenue Service regulations.**

Please contact the Benefits Department with any questions.

**NOTE: The following individuals cannot participate in the Section 125 plan:**

- A greater than 2% shareholder of an "S" Corporation
- A partner in a partnership
- A member/owner of an L.L.C.
- A sole proprietor

I have read and understand the program, and would like to participate.

I have read and understand the program, and I DO NOT wish to participate.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature