

Please check one:

New Account

Existing account implementing a flex plan. Indicate existing BCN

E _____

Federal Tax ID# _____



Flex Plan Supplemental Form

Plan Dates: Colonial Life Plan Effective Date: _____/_____/____

Initial Enrollment Dates: Start _____/_____/____ Stop _____/_____/____

Subsequent (Future) Plan Document Date: _____/_____/____

Subsequent (Future) Enrollment Dates: Start _____/_____/____ Stop _____/_____/____

Employer Reminder Notice

We are pleased you have selected Colonial Life & Accident Insurance Company (hereinafter called Colonial Life) as a supplier of insurance under the flexible benefits plan that you are implementing within the guidelines of Section 125 of the Internal Revenue Code. As a supplier of currently acceptable insurance coverage, we would like to remind you of several elements of Code Section 125.

1. You should have a written plan document that addresses the 6 primary elements listed in the Proposed Regulations.
2. You should realize that as a result of salary reduction, you the employer reduce your FICA (Social Security) contributions as a result of your employees' reducing their FICA contributions. Both of these reductions may ultimately somewhat reduce the Social Security benefit eventually paid to the employee.
3. You should review state statutes as they pertain to state tax implications of employees salary reductions under your plan. In addition, you should check with your Workers' Compensation insurance carrier to determine if the Workers' Compensation insurance can be based on the reduced gross pay after salary reductions.
4. Because premiums being paid are considered employer paid, certain claim payments will be subject to 1099 reporting by Colonial Life.
5. Payments for the first six months of total disability are subject to FICA tax. Colonial Life will withhold the correct FICA taxes from these claim payments and notify you, the employer, of your obligation to pay the employer's portion of the FICA tax and the amount due. You will be required to add the disability payment to the employee's W-2 or provide a separate W-2 for the amount of the payment.
6. Once employee elections are made, they may not be changed during the plan year except under circumstances outlined in the document. Any changes must be communicated to Colonial Life in writing by your Plan Administrator.
7. Since premiums are considered employer paid, all refunds will be made to the employer. The employer will be responsible for any tax withholdings and reporting and for distributing the refunds to employees.
8. When implementing a new flexible benefits plan that includes other insurance providers, you should notify them of the plan.
9. Certain benefit plans, when pretaxed, may become subject to the Employee Retirement Income Security Act of 1974 (ERISA). Under ERISA, all employers (other than governmental and church employers) must provide each participant in a welfare or pension benefit plan with a summary plan description.
10. Flexible benefit plans are subject to discrimination rules to ensure highly compensated and key employees are not allowed to benefit from the plan disproportionately compared to other employees. The employer is responsible for complying with the discrimination guidelines.

This notice is not intended to deter you from establishing a flexible benefits plan but rather to make you aware of these obligations. You should consult your professional advisors, lawyers, and/or Certified Public Accountants for answers to specific questions. Thank you again for allowing Colonial Life to provide insurance coverage to your company.

I acknowledge that I have read and understand the notice above. This also serves as confirmation of existing plan dates, any amendments to them if applicable, and inclusion of Colonial Life products under the plan.

Colonial Life Benefit Representative's Name

Account Name

Signature of Authorized Officer

Title

Date (mm/dd/yyyy)