

# Employee Benefit Plan

## June 2014

### Introduction

This is an updated summary of the “premium payment plan” that we previously established for you and other eligible employees. Under this program, you will be able to pay for insurance coverage that we make available to you with a portion of your pay before Federal income or social security taxes are withheld. This means that you will pay less tax and have more money to spend and save.

Read this summary plan description carefully so that you understand the provisions of our amended Plan and the benefits you will receive. You should direct any questions you have to the Administrator. There is a plan document on file which you may review if you desire. In the event there is a conflict between this summary plan description and the plan document, the Plan will control. Also, if there is a conflict between an insurance contract and either the plan document or this summary plan description, the insurance contract will control.

### I. Eligibility

#### **1. When can I become a Participant in the Plan?**

Before you become a member or a “Participant” in the Plan, there are certain rules which you must satisfy. First, you must meet the “eligibility requirements.” After that, the next step is to actually join the Plan on a Plan “entry date.”

#### **2. What are the eligibility requirements for our Plan?**

You will be eligible to join the Plan once you have satisfied the conditions for coverage under our group medical plan or our group dental/vision plan, or both plans as may be the case. Of course, if you are already a Participant in either or both of these plans, you will already be a Participant and will remain a Participant.

#### **3. When is my entry date?**

You can join the Plan on the same day you can enter our group medical plan or group dental/vision plan.

#### **4. What must I do to enroll in the Plan?**

Before you can join the Plan, you must complete an application to participate in the Plan. You must also authorize us to set some of your earnings aside for you in order to pay the insurance premiums for the coverage you have elected.

## **II. Operation**

### **1. How does this Plan operate?**

Before the start of each Plan Year, you will be able to elect to have some of your upcoming pay paid to the Plan. The money will be used to pay for insurance coverage that we are offering to you. The portion of your pay that is contributed to pay the premium expense is not subject to Federal Income or Social Security taxes. In other words, the plan allows you to use tax-free dollars to pay for insurance coverage and premium expenses which you normally pay for with out-of-pocket, taxable dollars.

## **III. Contributions**

### **1. How much of my pay may the employer redirect?**

Each year, we will automatically contribute on your behalf enough of your compensation to pay for the benefits that you elect under the Plan. These amounts will be deducted from your pay over the course of the year.

### **2. How is my compensation measured under our Plan?**

Compensation under our Plan means the total cash amount that is paid to you each year.

### **3. What happens to contribution made to the Plan?**

Before each Plan Year begins, you will select the insurance coverage you desire. Then, during each pay period, the contributions will be used to pay the premium expense for the insurance coverage you have selected.

### **4. When must I decide what insurance coverage I want?**

You are required by Federal law to decide before the Plan Year begins, during the “election period.”

### **5. When is the “election period” for the Plan?**

Your election period will start on the date you first meet the “eligibility requirements” and end 30 days after your “entry date.” (You should review Section I on Eligibility to better understand the terms “eligibility requirements” and “entry date.”) Then, for each following Plan Year, the election period is established by the Administrator and applied uniformly to all Participants. It will normally be a period of time prior to the beginning of each Plan Year. The Administrator will inform you each year about the election period. (See the article entitled “General information about our Plan” for the definition of Plan Year.)

### **6. May I change my elections during the Plan Year?**

Generally, you cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change election if you have a “change in status” and you make an election change that is consistent with the “change in status.” Currently, Federal law considers the following events to be “changes in status”:

Marriage, divorce, death of a spouse, legal separation or annulment;

Change in the number of dependents, including birth, adoption, placement for adoption, or death of a dependent;

Any of the following events for you, your spouse or dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in work site, or any other change in employment status that affects eligibility for benefits;

One of your dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance; and

A change in residence for you; your spouse; or your dependent.

There are detailed rules on when a change in election is deemed to be consistent with a “change in status.” In addition, there are laws that give you rights to change accident and health coverage for you, your spouse, or your dependents. If you change coverage due to rights you have under the law, then you can make a corresponding change in your elections under the Plan. If any of these conditions apply to you, you should contact the Administrator.

If the cost of benefit coverage provided under the Plan increases or decreases during a Plan Year, then we will automatically increase or decrease, as the case may be, your salary redirection election. If the cost increases significantly, you will be permitted to either make corresponding changes in your payments or revoke your benefit coverage election and obtain coverage under another benefit package option if one is available.

If the coverage under a plan benefit is significantly curtailed or ceases during a Plan Year, then you may revoke your elections and elect to receive, on a prospective basis, coverage under another plan with similar coverage. In addition, if we add a new coverage option or eliminate an existing option, you may elect the newly-added option (or elect another option if an option has been eliminated) and make corresponding election changes to other options providing similar coverage. There are also certain situations when you may be able to change your elections on account of a change under the plan of your spouse’s, former spouse’s or dependent’s employer.

#### **7. May I make new elections in future Plan Years?**

Yes, you may. For each new Plan Year, you may change the elections that you previously made. You may also choose not to participate in the Plan for the upcoming Plan Year. If you do not make new elections during the “election period” before a new Plan Year begins, we will consider that to mean you have elected not to participate for the upcoming Plan Year.

### **IV. Benefits**

#### **1. What coverage may I purchase?**

Under our Plan, you can choose to receive your entire compensation or use a portion to pay premiums for health care premiums under our self-funded medical plan or for insured dental/vision benefits, or for both group health and dental/vision benefits.

Certain limits may apply on the amount of coverage that may be obtained on your behalf. The summary plan descriptions for the specific type of coverage (group health or dental/vision) contain more information about the coverage available.

The Administrator may terminate or modify Plan benefits at any time, subject to the provisions of any contracts providing benefits described above. Also, your coverage will end when you leave employment, are no longer eligible under the terms of any coverage, or when coverage terminates. Any benefits to be provided by insurance will be provided only after (1) you have provided the Administrator the necessary information to apply for insurance, and (2) the insurance is in effect for you.

## **V. Benefit Payments**

### **1. When will I receive benefit payments?**

The amount of pay you contribute to the Plan will be used to pay the premiums for the coverage that is available. The provisions of the group health plan and the dental/vision insurance policies will control what benefits will be paid and when.

### **2. Will all of my redirected compensation be used to pay for the benefits I have selected?**

Yes. You sign up to pay your share of the benefit costs or premiums and the amount we withhold from your pays is adjusted, as described above, if the premium charges go up or down. In most cases, the premiums and charges are set for the full year as of the beginning of the year.

### **3. Family and Medical Leave Act (FMLA)**

If you take leave under the Family and Medical Leave Act you may revoke or change your existing elections for health insurance and dental/vision benefits. If your coverage in these benefits terminates due to your revocation of the benefits while on leave or due to your non-payment of contributions you will be permitted to reinstate coverage for the remaining part of the Plan Year upon your return.

If you continue your coverage during your unpaid leave you may pre-pay for the coverage, you may pay for your coverage on an after-tax basis while you are on leave, or you and your employer may arrange a schedule for you to “catch up” your payments when you return.

### **4. What happens if I terminate employment?**

If you leave our employment during the Plan Year your right to benefits will be determined in the following manner: you will remain covered by your elected benefit plans, but only for the period for which premiums have been paid prior to your termination of employment.

Under Federal law, if you, your spouse, or your covered dependents lose coverage under the group health plan or the dental/vision plan, you, your spouse, or your covered dependents may be entitled to continuation of those benefits but with payment of premiums on an after tax basis. These continuation rights are described in greater detail in the summary plan descriptions of the individual benefit plans. There are no separate continuation rights available under this Plan.

## **5. Will my Social Security benefits be affected?**

Your Social Security benefits may be slightly reduced because the amount of your compensation used to pay premiums under this Plan is not included in your average pay on which Social Security benefits are determined.

## **VI. Highly Compensated and Key Employees**

### **1. Do limitations apply to highly compensated employees?**

Under the Internal Revenue Code, “highly compensated employees” and “key employees” generally are Participants who are officers, shareholders, or highly paid.

If you are within these categories, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their spouses, or their dependents. Federal tax laws state that a plan will be considered to unfairly favor the key employees if they as a group receive more than 25 percent of all of nontaxable benefits provided for under or Plan.

Plan experience will dictate whether contribution limitations on “highly compensated employees” or key employees” will apply. You will be notified of these limitations if you are affected.

## **VII. General Information about Our Plan**

This Section contains certain general information which you may need to know about the Plan.

### **1. General Plan Information**

*Pensacola Christian College Employee Benefit Plan* is the name of the Plan. The Plan sponsor has assigned Plan Number 502 to your Plan.

The provisions of your amended Plan become effective on May 1, 2013. Your Plan was originally effective on September 1, 1988.

Your Plan’s records are maintained on a twelve-month period of time. This is known as the *Plan Year*. The Plan Year begins on September 1 and ends on August 31.

### **2. Plan Sponsor information**

The Plan Sponsor’s name, address, and identification number are:

Pensacola Christian College, Inc.  
250 Brent Lane  
Pensacola, FL 32503                      ID # 59-0940532

### **3. The Plan Sponsor is also the Plan Administrator**

The name, address, and business telephone number of the Plan Administrator are:

Pensacola Christian College, Inc.  
250 Brent Lane  
Pensacola, Florida 32503  
850-478-8496

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

### **4. Service of legal process**

The name and address of the Plan's agent for service of legal process are:

Pensacola Christian College, Inc.  
Attention: President and CEO  
250 Brent Lane  
Pensacola, Florida 32503

### **5. Type of Administration**

The type of Administration is contract administration

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities, and save for the future. Our premium payment plan will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Plan Administrator.