

Explanation of Benefits

The Diocese of Bridgeport Medical Reimbursement Plan

Effective 01/01/2011, a new Plan Year for the The Diocese of Bridgeport Medical Reimbursement Plan will begin. This Explanation of Benefits will detail the Plan and the benefits available to you and your covered dependents.

What is a Medical Reimbursement Plan (or MRP)? The purpose of the The Diocese of Bridgeport Medical Reimbursement Plan is to allow eligible employees the ability to pay for certain health expenses (that are not covered under the Company's group health plans) with pretax dollars. Under Sections 105, 106 and 125 of the Internal Revenue Code, Employers may create a Cafeteria Plan whereby eligible employees reduce their annual compensation to pay for these expenses. With this reduction in compensation, the employee's taxable base decreases, therefore lowering federal income taxes.

Who is eligible to enroll in the MRP? Most employees who are eligible for the group health/insurance plans and have met the new hire waiting period are eligible to enroll in the MRP. (Self-employed individuals, partners in a partnership and more than 2% shareholders in a Subchapter S corporation are ineligible to enroll in a MRP.)

There are some special situations whereby the employee would not have to meet the waiting period to become eligible for the Plan.

- 1) Employees who were on a leave of absence under the Family Medical Leave Act (FMLA) or were absent from employment on account of military service covered by the Uniformed Services Employment and Reemployment Rights Act (USERRA) are immediately eligible upon their return to work.
- 2) Individuals who separate employment with the organization and are rehired within six months of their separation date are eligible without meeting the waiting period.

Once you are deemed eligible to enroll in the Plan, you must complete the necessary paperwork and submit it to the Plan Administrator prior to (or within ten days if you receive immediate entry into the Plan) your Entry Date. Your Entry Date is determined based upon your eligibility for the Plan. The following should help you determine your Entry Date.

- 1) Newly hired employees shall have an Entry Date of the day after meeting the waiting period.
- 2) Active employees that have met the waiting period prior to the effective date of this Plan Year shall have an Entry Date of 01/01/2011.
- 3) Employees having their waiting period waived (for the special situations explained earlier), shall have an immediate Entry Date.

Is there a limit to the amount I may reduce my income for eligible expenses? Yes. The Code allows for the employer to place a limit on the amount of Salary Reduction. Our organization has placed a limit of \$4,000.00 for your Salary Reduction Amount. You should conservatively estimate your eligible expenses for the Plan Year because unused funds are not refundable.

What are "eligible expenses" under the Plan? Section 105 allows employees to use pre-tax dollars to fund their Benefits Account and be reimbursed for certain types of expenses. The following is not a complete list but designed to offer an understanding as to what may be considered an eligible expense. The MRP shall use the definition in Section 213 of the Internal Revenue Code for actual determination. Eligible Expenses include:

- 1) Deductibles, coinsurance and insurance plan copayments;
- 2) Expenses for medical care including the diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure of function of the body;
- 3) Expenses for transportation, primarily for and essential to medical care referred in #2;
- 4) Amounts paid for lodging away from home primarily for and essential to medical care referred in #2;
- 5) Amounts for prescribed medication and some over-the-counter products;
- 6) Amounts for physician services; and
- 7) Amounts for Cosmetic Surgery if the procedure is necessary to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease.

How long is the Plan in effect? The 2011 Plan Year will begin on 01/01/2011 and end on 12/31/2011. Every year thereafter

will be a new Plan Year requiring eligible employees to submit a new Enrollment Form and Salary Reduction Agreement.

How does a Medical Reimbursement Plan work? Upon completing an Enrollment Form and Salary Reduction Agreement, the Company will reduce the enrolling employee's income in equal amounts (every pay period) and place the funds in a personalized administrative account (known as a Benefit Account). Since the Company has reduced your income (and not payroll deducted the amount), your federal taxes should be less.

As you experience and obtain eligible expenses, you will submit receipts (or photocopies) that name the provider of services, the person receiving services, date of the services and the amount for those services to Benefit Planning Services, LLC. Benefit Planning Services, LLC will be responsible for reviewing the claim to verify that it is for an eligible expense and either authorize it for payment or deny reimbursement. Once approved, the Participant shall be reimbursed the amount of the claim (up until the point that the Participant has received his/her total annual reduction amount). At no point shall the Participant be reimbursed more than their annual salary reduction.

Will I pay any administrative cost under the MRP? No, the cost of administering the Plan is paid by the company.

How do I enroll in the Plan? To enroll in the plan, you must have met the eligibility criteria as explained above. Next, you must complete the Enrollment Form, Salary Reduction Agreement and submit it to the Plan Administrator. If you do not submit the appropriate paperwork prior to your Entry Date, you will not be eligible to enroll in the Plan until the next Plan Year. It is the Employee's responsibility to obtain and complete an Enrollment form and submit it to the appropriate company representative. If the form is incomplete or late, the employer has the right to deny the form and your request to participate in the Plan. (Enrollment in the Plan does not constitute a contract of employment and has no effect on your employment with the company.)

May I change my Salary Reduction Amount? Under the Federal law governing MRPs, you may only change your Salary Reduction Amount under the following circumstances (commonly know as a "Changes in Life Status"):

- 1) Employee gets married, divorced, legally separated or his marriage is annulled;
- 2) Adoption, birth or death of a dependent child;
- 3) Death of the Employee or his spouse;
- 4) Employee, spouse or dependent becomes newly employed or unemployed;
- 5) Employee, spouse or dependent's employment goes from part-time to full-time or full-time to part-time;
- 6) Dependent child becomes (or ceases to be) an eligible "dependent" under a Component Plan;
- 7) Employee or spouse has a judgment, decree or order resulting from a divorce, legal separation, annulment or custody change regarding health coverage of a child. Any Qualified Medical Child Support Order (QMCSO) must state the recipient covered by the order and which Component Plan;
- 8) A significant change in the spouse's or dependent's health care coverage attributable to the spouse's or dependent's employment;
- 9) Any change between an hourly paid and a salaried position or between a non-bargaining unit position and a bargaining unit position;
- 10) An Employee's, spouse's or dependent's move to a work location outside the service area of the Component Plan in which the Employee was enrolled prior to the move;
- 11) A change in the spouse's or dependent's employment status including a change attributable to a strike or lockout, or the commencement of or return from an unpaid leave of absence;
- 12) Employee, spouse or dependent becomes entitled to Medicare; or

Any change in a Participant's existing election must be consistent with the Change in Life Status. A change in election must be made no later than thirty (30) days after the date of the Change in Life Status. The Plan Administrator shall determine whether a Change in Life Status has occurred and whether a Participant's change in coverage is consistent with such Change in Life Status.

If I experience a Change in Life Status during the Plan Year, may I enroll at that time? Yes.

When may I submit eligible receipts to the Plan Administrator? Beginning on the effective date of the MRP, you may submit receipts. Receipts with a Service Date during the Plan Year will be reimbursable. Per the IRS Notice 2005-42, The Diocese of Bridgeport is providing a two and one-half month grace period for the amounts remaining in the Medical Spending Account at the end of the plan year. Charges incurred during this grace period may be applied to any unused funds in a participant's account from the previous plan year. After the Plan Year ends, you may still submit receipts for an additional 3 months (known as the Post Plan Year Receipt Submission Time Frame). After that time frame, you will be unable to submit

receipts for the Plan Year.

What happens if I do not utilize all the funds in my Benefits Account? All funds remaining in your Benefits Account after the end of the Post Plan Year Receipt Submission Time Frame are forfeited and cannot be reimbursed directly to you. This is known as the "Use it or lose it" principal. For this reason, it is vital that you do not over estimate your expenses and over fund your Benefits Account. As stated earlier, you will not be able to change your Annual Salary Reduction amount unless you experience a Change in Life Status. Forfeited funds will be used to pay for Plan administration expenses. If there are funds remaining after paying Plan administration expenses, the Plan Administrator will use the funds (in accordance with the Code) to benefit Plan Participants, equally and uniformly. Please note, reservists that called up for active duty are exempt from the "Use it or lose it" rule for unused healthcare spending account balances.

What happens if I separate employment from the company? If you separate employment (either voluntarily or involuntarily), your coverage under the MRP will terminate. You may submit receipts with Service Dates prior to your termination date for reimbursement. If you are eligible to continue coverage under the COBRA legislation, you will be notified of your rights and the costs associated with continuing under the Plan. At that point you would be paying with after-tax dollars but would have the ability to continue to submit receipts for reimbursement. If COBRA does not apply to the Company at the time of your termination, only receipts with a Service Date prior to your termination would be eligible for reimbursement.

Since I am reducing my salary/income, will this affect my Social Security Benefits? For employees earning less than the FICA Taxable Wage Base (\$90,000 for 2005 and adjusted as needed), your Social Security benefits may be minimally affected. Employees earning in excess of the Taxable Wage Base would not be affected. Social Security benefits are based upon your income while working so if you decrease your salary, it may affect your benefits upon retirement. Based upon many analysts' review, the overall decrease in benefits will be minimal. If you have a concern or are close to retirement, you may want to speak to a tax advisor for further information on how your Social Security benefits will be affected.

How do I file a claim under the Plan? The Plan Administrator will review your post-service claim and provide you with a decision as soon as reasonably possible, but no later than 30 calendar days from the date it receives your written claim. In special circumstances, the Plan Administrator may have an extension of this 30-day period. It may take additional time (up to 15 days) to decide your claim if special circumstances exist, however, to do so, it will tell you in writing what those special circumstances are and the date on which it expects to make its decision. If the Plan Administrator takes an extension, it will make its decision as soon as reasonably possible, but no later than 15 days from the date you are notified of the extension.

If the Plan Administrator takes an extension because it needs additional information, it will notify you of the information it needs as soon as reasonably possible, but in no event later than 30 days from the date it receives your initial claim. You will have 45 days to provide this information. The Plan Administrator will make a decision as soon as reasonably possible, but in no event later than 15 days after it receives the requested information. The days during which the Plan Administrator is waiting for the information from you will not count against either the 30-day initial decision making period or the 15-day extension period the Plan Administrator will provide you with written notification of its decision. If your claim is denied, the notice will identify the specific reasons for the denial, refer to the sections of the Plan upon which its decision was based and inform you of your right to appeal its decision

If your claim is denied, you may request that decision to the Plan Administrator review its decision. If you decide to request review, your request must be made in writing and postmarked within 180 calendar days from the date of written notification from Employee Benefits. As part of your request, you should provide any supporting documentation you may have, including information which was not previously provided to the Plan Administrator. You may also review and receive copies of relevant information by following the procedures described below.

If you do not request review of the Plan Administrator's decision within 180 calendar days from the date of notification, you will be deemed to have accepted that decision.

The Plan Administrator will review your appeal as soon as reasonably possible, but no later than 30 calendar days from the date he or she receives your written appeal. The Plan Administrator will notify you in writing of his or her decision. If your claim is denied, the notice will identify the specific reasons for the denial, refer to the sections of the Plan upon which Plan Administrator's decision was based and inform you of your right to bring an action under Section 502(a) of ERISA.

As part of the appeals process, you can review and receive copies of information "relevant" to your claim. Copies will be provided free of charge. For purposes of the Plan, "relevant" information includes documents, records or other information if they were relied upon by the Plan Administrator, as applicable, in the course of making its decision, was submitted, considered or generated upon by the Plan Administrator, as applicable, in the course of its decision making even if they were not actually

Compliance with the Employee Retirement Income Security Act of 1974 (ERISA)

The information provided in this Explanation of Benefits is required by law. The following shall provide you with further information you may need now or in the future.

Plan Information

Name of the Plan: The The Diocese of Bridgeport Medical Reimbursement Plan

Effective Date of the Plan: 01/01/2011

Plan Year: Beginning on 01/01/2011 and ending on 12/31/2011.

Plan Number: 505

Governing Laws: The Plan shall be construed and enforced according to the laws of the State of Connecticut to the extent not preempted by Federal law.

Type of Plan: Self-insured

Employer Information

Name and Address of the Employer:

Louise Stewart-Spagnuolo
The Diocese of Bridgeport
238 Jewett Avenue,
Bridgeport, CT 06606
(203) 416-1411
Federal Identification Number: 06-0737923

Plan Administrator and Agent for Services of Legal Process:

MaryAnn Pagano
Benefits Administrator
Benefit Planning Services, LLC
P.O. Box 551-3 Belden Avenue
Norwalk, CT 06852
203-840-8877

ERISA Rights Statement

The Employee Retirement Income Security Act of 1974 (ERISA) provides employees certain protection and rights when enrolled in an employer-sponsored group benefit plan. All Participating Employees shall be entitled to:

- 1) Examine (without charge) at the Plan Administrator's office (or other appropriate offices) all Plan Documents and documents filed with the U.S. Department of Labor such as detailed annual reports and plan descriptions;
- 2) Obtain copies of all Plan Documents and other Plan information upon written request to the Plan Administrator;
and
- 3) Receive a summary of the Plan's annual financial report.

ERISA also imposes duties upon the individuals responsible for the operation of the Plan, called "fiduciaries" who have agree to operate the Plan in the best interest of the Participants and beneficiaries. Employers may not terminate employment based upon a Participant exercising his/her rights under ERISA.

If a claim is denied, the Plan Administrator shall provide written explanation as to why the claim was denied. ERISA provides you the right to have the claim reviewed and reconsidered. If you request further information or reconsideration of a claim and you do not receive anything within thirty days, you should file suit in a state or federal court. The court has the ability to make

the Employer provide the requested information and may even impose a \$100 per day penalty, made payable to the requesting Participant.

If Plan Fiduciaries misuse the Plan's funds or if a Participant is discriminated against for exerting his/her rights, the person may seek assistance from the U.S. Department of Labor or file suit in a federal court. The court will decide who will be responsible for court and legal fees. If the Participant is successful in his/her case, the court may require the person or company being sued to pay the fees. On the other hand, if the claimant loses, the court may rule that the suit was frivolous and require the claimant to pay the fees.

If you have questions about your Plan, you should contact the Plan Administrator. For questions regarding this statement or your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration (PWBA), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquires, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210.