

SUMMARY OF MATERIAL MODIFICATIONS TO THE SECTION 125 PLAN (the “Plan”)

This document summarizes important changes to your 125 Flexible Benefits Plan (the “Plan”). Keep a copy of this SMM with your Summary Plan Description for future reference.

The U.S. Department of Treasury, the Internal Revenue Service, and the U.S. Department of Labor have ruled that same-sex couples, legally married in jurisdictions that recognize their marriages, will be treated as married for Federal tax purposes. The ruling applies regardless of whether the couple lives in a jurisdiction that recognizes same-sex marriage or a jurisdiction that does not recognize same-sex marriage. For the purposes of this summary, jurisdiction means any state of the United States, or others as outlined in IRS Revenue Ruling 2013-17, dated August 29, 2013, and U.S. Department of Labor Technical Release 2013-04, dated Sep. 18, 2013.

Please note, that the term legally married does not include a formal relationship recognized by a state that is not denominated a marriage under state law, such as domestic partnership or a civil union, regardless of whether the individuals who are in these relationships have the same rights and responsibilities as those individual who are married under state law.

How Does This Impact Your 125 Flexible Benefits Plan for Tax Purposes?

- The cost of health insurance premiums for same-sex spouses should be treated the same as for opposite-sex couples –do not report as taxable wages (they are pre-tax benefits).
- Same-sex spouses may receive reimbursements from the Medical Flexible Spending Account for expenses incurred by the spouse—not reported as taxable income.
- Same-sex spouses may receive reimbursements from the Dependent Care Flexible Spending Account for expenses incurred by the spouse—not reported as taxable income.
- Change in Status rules apply and provide an opportunity to change an irrevocable election in the Flexible Benefits Plan.

Minnesota Specific:

August 1, 2013, Minnesota legalized same-sex marriage. This state ruling, in conjunction with the recent Federal rulings, means that same-sex married couples in Minnesota will be treated the same under state and federal tax laws. For more information, see:

<http://www.revenue.state.mn.us/businesses/withholding/Pages/Same-SexMarriage.aspx>

Iowa Specific:

April 24, 2009, Iowa legalized same-sex marriage. This state ruling, in conjunction with the recent Federal rulings, means that same-sex married couples in Iowa will be treated the same under state and federal tax laws. For more information, see: <http://www.iowa.gov/tax/taxlaw/ssmarriage.pdf>

North Dakota Specific:

North Dakota does not recognize same-sex marriage. Individuals who enter into a same-sex marriage in another state where it is recognized will not realize a “state” tax-favored benefit while domiciling in North Dakota. For more information, see: <http://www.nd.gov/tax/indincome/pubs/guide/same-sexmarriageguideline.pdf?20131014165854>

Wisconsin Specific:

Wisconsin does not recognize same-sex marriage. Individuals who enter into a same-sex marriage in another state where it is recognized will not realize a “state” tax-favored benefit while domiciling in Wisconsin. For more information, see: <http://revenue.wi.gov/taxpro/news/130906.html>

This is a summary of the guidance that has been issued to date by the Federal agencies involved in this process. Nothing in this document should be taken as legal or tax advice. Please confer with your personal tax preparer on issues specific to you and your state tax law.