

**AMENDMENT NO. 2
TO THE
NCFlex PLAN
FOR EMPLOYEES OF THE
STATE OF NORTH CAROLINA**

(Effective as Amended and Restated January 2020)

WHEREAS, the State of North Carolina (“State”) established a Statewide Flexible Benefits Program, known as the NCFlex Plan (“Plan”), effective January 1, 1996, for the benefit of its eligible employees and eligible employees of participating employers;

WHEREAS, pursuant to Section 10.01 of the Plan, the State has reserved the right to amend the Plan; and

WHEREAS, the State desires to amend the Plan effective January 1, 2023 to reflect several benefit improvements, including an increased carry-over amount, an extended claims submission deadline for 2020 and 2021, and several new Plan options;

NOW THEREFORE, the Plan is amended effective as of January 1, 2023, as follows:

1. The Explanation and History section is amended by adding the following after the last bullet point:

- Effective January 1, 2023, to allow a new Health Care Flexible Spending Account yearly limit of \$2,850 and a new carry-over amount of \$570 to go into the next plan year of 2024;
- Effective January 1, 2023, to add a \$40,000 option to the Critical Illness plan;
- Effective January 1, 2023, to add a High Option Accident Plan;
- Effective January 1, 2021, to extend the claims submission deadline to April 30, 2022 for claims in the 2020 Plan year.
- Effective January 1, 2021, to extend the claims submission deadline to March 31, 2023 for claims in the 2021 Plan Year.

2. Section 2.15, Employee, is amended to note that the hours requirement for the Short Term Disability Plan and Long Term Disability Plan is 30 hours per week, so that the Section reads as follows:

2.15 Employee

shall mean any individual who holds a permanent, probationary or time-limited position and who is regularly in the active employment of the Employer. An individual shall be considered regularly in the active employment of the Employer with respect to any Plan Year if the relationship during such year between him and the Employer is the legal relationship of employer and employee, and if his

customary employment for such year is for at least 20 hours per week, except that his customary employment for such year must be at least 30 hours per week for participation in the Short Term Disability Plan or Long Term Disability Plan. The term "Employee" shall not include any individual who is not classified by the Employer as an employee, nor shall it include any individual classified by the Employer as a retired employee, a temporary employee, a leased employee, a contract employee, an independent contractor, or a self-employed individual.

3. Section 2.41(a), Voluntary Accident Plan, is deleted in its entirety and a new Section 2.42, Voluntary Accident Plan is inserted following Section 2.41, so that the new Section reads as follows:

2.42 Voluntary Accident Plan

shall mean the group accident insurance program, as described herein.

4. Section 6.04(b) is amended to change the claims submission deadline from April 30 to March 31, so that the new Section reads as follows:

(b) the expenses must have been incurred and services rendered after the participant's entry date, while the participant is covered under the Health Care Flexible Spending Account, and within the Plan Year, January 1 to December 31 of the Plan Year, provided the claim for reimbursement is filed no later than March 31 of the year following the end of the Plan Year; and

5. Section 6.04(f) is amended to change the claims submission deadline from April 30 to March 31 and the carry-over amount from \$550 to \$570, so that the new Section reads as follows:

(f) If, as of the end of the Plan Year, the Participant has a balance in his/her Health Care Flexible Spending Account (net of claims incurred but not reimbursed), such remaining balance in excess of five hundred, seventy dollars (\$570) shall be forfeited to the extent not paid to the Participant pursuant to a claim properly submitted by the applicable claim submission deadline. All claims must be submitted on or before March 31 (or such other date as determined by the Plan Administrator) following the end of the Plan Year.

6. Section 6.06, Submission of Claims, is amended to change the first occurrence of "April 30" to "March 31."
7. Section 7.06, Submission of Claims, is amended to change the first occurrence of "April 30" to "March 31."
8. Section 8.02(c), Health Care Flexible Spending Account Adjustments and Forfeitures, *Forfeitures (carry-over)* is amended to change the claims submission deadline from April 30 to March 31 and the carry-over amount from \$550 to \$570, so that the new

Section reads as follows:

(c) *Forfeitures (carry-over)*: If, as of the end of the Plan Year, the Participant has a balance in his/her Health Care Flexible Spending Account (net of claims incurred but not reimbursed), such remaining balance in excess of five hundred seventy dollars (\$570) shall be forfeited to the extent not paid to the Participant pursuant to a claim properly submitted by the applicable claim submission deadline. Notwithstanding the preceding sentence, pursuant to the CAA 2021 and IRS Notice 2021-15, any balance remaining in a Participant's Health Care Flexible Spending Account at the end of the 2020 Plan Year shall carry over to the 2021 Plan Year, and any balance remaining in a Participant's Health Care Flexible Spending Account at the end of the 2021 Plan Year shall carry over to the 2022 Plan Year. All claims must be submitted on or before March 31 (or such other date as determined by the Plan Administrator) following the end of the Plan Year. The forfeited amounts may be used to reduce the plan administrative expenses. Any claims pursuant to Article VI that are incurred within the Plan Year and prior to the Participant's termination or ineligible date, unless COBRA is elected, but unpaid as of December 31, shall be processed before any amounts are forfeited. Such claims must be submitted on or before March 31 (or such other date as determined by the Plan Administrator) of such next Plan Year.

9. Section 8.03(c), Dependent Day Care Flexible Spending Account Adjustments and Forfeitures, *Forfeitures (use it or lose it rule)*, is amended to change the first occurrence of "April 30" to "March 31."

10. Section 9.02(b), Claims Procedures for Flexible Spending Accounts, *Limitations*, is amended to change "April 30" to "March 31."

THE STATE OF NORTH CAROLINA

Glenda Farrell

Date