

**STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
DEPENDENT CARE ASSISTANCE PLAN**



SUMMARY PLAN DESCRIPTION

TABLE OF CONTENTS

I ELIGIBILITY

1. What are the eligibility requirements for our Plan?.....1
2. When can I become a participant in the Plan?.....1
3. When is my eligibility date?2
4. Are there any employees who are not eligible?2
5. What must I do to enroll in the Plan?2

II OPERATION

1. How does this Plan operate?.....2

III CONTRIBUTIONS

1. How much of my pay may the Employer redirect?3
2. What happens to contributions made to the Plan?3
3. When must I decide if I want to participate?3
4. When is the election period for our Plan?.....3
5. May I change my elections during the Plan Year?3

IV BENEFITS

1. How does DCAP work?.....3

V BENEFIT PAYMENTS

1. When will I receive payments from my accounts?.....5
2. What happens if I don't spend all Plan contributions during the Plan Year?.....5
3. What happens if I terminate employment?.....5
4. Will my Social Security benefits be affected?.....5

VI HIGHLY COMPENSATED AND KEY EMPLOYEES

1. Do limitations apply to highly compensated employees?.....6

VII
PLAN ACCOUNTING

1. Annual Statement.....6

VIII
GENERAL INFORMATION ABOUT OUR PLAN

1. General Plan Information.....6
2. Employer/Plan Sponsor Information7
3. Third Party Plan Administrator Information.....7
4. Service of Legal Process7
5. Type of Administration.....7
6. Claims Submission.....8

IX
ADDITIONAL PLAN INFORMATION

1. Claims Process8

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INTRODUCTION

The State of Connecticut has established a "Dependent Care Assistance Plan" (DCAP) Flexible Spending Account (FSA) for eligible employees. This Summary Plan Description (SPD) outlines the key features of the DCAP and the rules for joining.

One of the Plan's most important benefits is that it allows you to pay for dependent care expenses with a portion of your pay before Federal income or Social Security taxes have been withheld. This effectively reduces the cost of these services to you.

Read this SPD carefully so that you understand the provisions of the DCAP. This SPD contains a non-technical description of the Plan's benefits and operations, which are governed by the formal Plan document. The Plan document is written in more technical language, which is designed to comply with IRS requirements. If the language in this SPD conflicts with any provision in the Plan document, the Plan document will control. You can download a copy of the Plan document and the SPD from the Office of the State Comptroller web site at www.osc.state.ct.us and the third party administrator web site at www.ctpbs.com

The Plan is designed to comply with applicable legal requirements, such as the Internal Revenue Code (IRC) and other federal and state laws. The provisions of the Plan are subject to revision due to a change in laws or interpretations issued by the Internal Revenue Service (IRS) or other federal agencies. We may also amend or terminate this Plan. If the Plan provisions described in this SPD should change, we will notify you.

We have attempted to answer most of the questions you may have regarding your DCAP benefits. If this SPD does not answer all of them, please contact the Third Party Administrator (or other plan representative). The name and address of the Third Party Administrator can be found in the Article VIII of this SPD.

**I
ELIGIBILITY**

1. What are the eligibility requirements for our Plan?

The DCAP will be made available to any individual employed by the State of Connecticut at a Connecticut location, whether or not the individual is a Connecticut resident, as long as the employee is working at least on a half-time (0.5 full time equivalent) basis.

2. When can I become a participant in the Plan?

Before you become a DCAP Participant, there are certain rules which you must satisfy. First, you must be an active employee and meet the eligibility requirements. You must also join the Plan during any one of the three "eligibility dates" that we have established for all employees. The "eligibility date" is defined in Question 3 below. You will need to complete the DCAP Benefit Enrollment/Change Form before you can enroll in the DCAP.

3. When is my eligibility date?

If you meet the eligibility requirements, you can you can join the DCAP:

- (1) During the annual open enrollment period or;
- (2) Within 31 days of your date of hire with the State of Connecticut or
- (3) Within 31 days of a change in family status, such as: marriage or divorce; birth or adoption of a child; death of a dependent or spouse; a child ceases to be an eligible dependent under the Plan (over age 13); the beginning or ending of your spouse's employment; a change from full-time to part-time employment, or vice versa, for you or your spouse; a leave of absence taken by you or your spouse; or if you've incurred a significant change in the cost of your dependent care expense or a change in your Dependent Care arrangements.

4. Are there any employees who are not eligible?

Certain employees are not eligible to join the Plan. They are:

- Employees who are working, or are expected to work, less than 0.5 full time equivalent, such as per diem, temporary or seasonal workers.
- Employees on a leave of absence for any reason.
- Former employees and rehired annuitants (retirees).

5. What must I do to enroll in the Plan?

Before you can join the DCAP, you must complete the DCAP Benefit Enrollment/Change Form authorizing us to set aside some of your earnings to pay for DCAP claim reimbursements.

II OPERATION

1. How does this Plan operate?

Before the start of each Plan Year (See Article VIII for the definition of "Plan Year."), you must elect to have some of your upcoming pay contributed to the Plan. These amounts will be used to reimburse your DCAP claims. The portion of your pay that is contributed towards your DCAP is not subject to Federal income or Social Security taxes. In other words, this allows you to use tax-free dollars to pay for eligible day care expenses, which you would otherwise pay with after tax earnings. If you receive a reimbursement for an expense under the DCAP, you cannot claim that same amount as a Federal income tax credit or deduction on your income tax return.

III CONTRIBUTIONS

1. How much of my pay may the Employer redirect?

Pursuant to the IRC, a DCAP participant may annually elect to contribute up to \$5,000, if single or married, filing jointly, or \$2,500, if married and filing separately. These amounts will be deducted from your pay over the course of the year.

2. What happens to contributions made to the Plan?

Before each Plan Year begins, you select your DCAP annual election amount. The accumulated contributions will be used to pay for day care expenses as they arise during the Plan Year. It is very important that you make this election carefully so that you don't contribute more than you expect to spend on day care during the Plan Year.

3. When must I decide if I want to participate?

Federal law requires that before the Plan Year begins you must decide whether you want to participate in the upcoming year, and if so, to declare what your DCAP annual election will be. You must make this election during the annual open enrollment period (defined below).

4. When is the election period for our Plan?

The annual open enrollment period is typically held during the month of November. The Administrator will inform you when each year's election period will begin and end. (See the Article entitled "General Information About Our Plan" for the definition of Plan Year.)

5. May I change my elections during the Plan Year?

During the Plan Year you may make a change within 31 days of a family status change, such as: marriage or divorce; birth or adoption of a child; death of a dependent or spouse; a child ceases to be an eligible dependent under the Plan (over age 13); the beginning or ending of your spouse's employment; a change from full-time to part-time employment, (or vice versa) for you or your spouse; a leave of absence taken by you or your spouse; or if you've incurred a significant change in cost to your Dependent Care Expense or a change to your Dependent Care arrangements.

IV BENEFITS

1. How does DCAP work?

The DCAP enables you to pay work-related dependent day care expenses with pre-tax dollars. The program is available to both single and married employees. However, for married participants to use the account, your spouse must either work or be a full-time student.

An eligible dependent is someone for whom you can claim expenses on your federal tax return, such as children under age 13, a participant's spouse or dependent living in the household who is physically and/or mentally incapable of self-care and spends at least eight hours a day in the home.

Dependent Care arrangements which qualify include:

- (a) A licensed Dependent (Day) Care Center, provided that if care is provided by the facility for more than six individuals, the facility complies with applicable state and local laws;
- (b) Day Camps (no overnight camps);
- (c) An Educational Institution for pre-school children. For older children, only expenses for before or after school programs are eligible;
- (d) An "Individual" who provides care inside or outside your home: The "Individual" may not be a child of yours under age 19 or anyone you claim as a dependent for Federal tax purposes; and
- (e) Household services in connection with the care of your qualified dependent performed by a provider who is responsible for the care of your qualified dependent.

Make sure that the dependent care expenses you are currently incurring will qualify for reimbursement under our Plan. The law limits the amount that can be paid to you in a calendar year from your Dependent Care Flexible Spending Account. Generally, your reimbursements may not exceed the lesser of: (1) \$5,000 (if you are you are a head of a household or married filing jointly) or \$2,500 (if you are married filing separately); (2) your taxable compensation; (3) your spouse's actual or deemed earned income (The IRS considers a spouse who is a full time student or physically or mentally incapable of self care to have a monthly earned income of \$250. If you have two or more dependents your spouse's monthly earned income is assumed to be \$500). As proof that an expense has been incurred and in order to have the reimbursements excluded from your income, you must provide a statement showing the name, address, and in most cases, the taxpayer identification number of the service provider and the amount of such expense.

You should be aware that Federal tax laws allow working parents to claim a tax credit for certain dependent care expenses they incur. Check with your tax adviser to see whether participation in the DCAP or claiming a tax credit (without DCAP participation) would be more advantageous for your situation.

V
BENEFIT PAYMENTS

1. When will I receive payments from my accounts?

During the Plan Year, submit requests for reimbursement of expenses as they are incurred. Expenses are considered "incurred" when the service is performed, not necessarily when they are paid. You must complete and submit a Claim Reimbursement Form to the third party administrator for reimbursement of qualifying claims. If the request qualifies as an eligible benefit or expense, you will receive a reimbursement payment soon thereafter. You will only be reimbursed from the DCAP to the extent that there are sufficient funds in your Account to cover your request.

Disbursements can be either by check or direct deposit as you choose. You will be reimbursed up to the amount in your DCAP account at the time of claim processing. If your claim exceeds the balance in your DCAP account, you will be reimbursed for the amount in your account. As your account is replenished, reimbursements will be issued until your entire claim is paid out to you. The minimum amount that can be reimbursed at any given time is \$20. Reimbursements are processed on a weekly basis.

2. What happens if I don't spend all Plan contributions during the Plan Year?

Any monies left at the end of the Plan Year will be forfeited. You have 90 days (until March 31) following the end of the Plan Year to submit claims for expenses incurred during the previous Plan Year. Because it is possible that you might forfeit excess contributions to the Plan, it is important that your annual election amount is no more than your anticipated day care expenses for the Plan Year.

3. What happens if I terminate employment?

If you terminate employment during the Plan Year, you will be able to request reimbursement from your DCAP account for qualifying dependent care expenses up to your date of termination. No further salary redirection contributions will be taken after your date of separation. You must submit claims within 90 days after the end of the Plan Year in which termination occurs, otherwise any remaining balance will be forfeited.

4. Will my Social Security benefits be affected?

Your receipt of tax-free benefits under our Plan reduces the amount of employee and employer contributions to the Federal Social Security system on your behalf. As a result, your Social Security benefits may be slightly reduced.

VI
HIGHLY COMPENSATED AND KEY EMPLOYEES

1. Do limitations apply to highly compensated employees?

The Internal Revenue Code requires that the Plan as a whole must not unfairly favor highly paid employees, their spouses or their dependents. Federal tax laws state that a plan will be considered to unfairly favor key employees if they as a group receive more than 25% of all of the nontaxable benefits provided for under the Plan.

Highly compensated employees generally include officers, key employees or highly paid individuals. You will be notified by the Administrator each Plan Year whether you are a highly compensated employee or a key employee. 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.

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

VII
PLAN ACCOUNTING

1. Annual Statement

The Third Party Administrator will provide you with an annual statement before the end of the Plan Year that will show your account balance. Read this statement carefully so you understand and manage your remaining Plan Year balance effectively.

VIII
GENERAL INFORMATION ABOUT OUR PLAN

This Section contains certain general information about the Plan.

1. General Plan Information

State of Connecticut, Office of the State Comptroller, Dependent Care Assistance Plan is the name of the Plan.

Your Employer has assigned Plan Number 503 to your Plan.

The provisions of the Plan become effective on 1/1/2009, which is called the Effective Date of the Plan.

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 1/1 and ends on 12/31.

2. Employer/ Plan Sponsor Information

Your Employer's/Plan Sponsor's name and address are:

State of Connecticut
c/o Office of the State Comptroller
55 Elm Street
Hartford, Connecticut 06106

3. Third Party Plan Administrator Information

The State of Connecticut has appointed the following company as the Plan's Third Party Administrator:

Progressive Benefit Solutions, LLC
23 Maiden Lane
North Haven, CT 06473
(866) 906-8023

The Third Party Plan Administrator is responsible for the day to day administration of the Plan and is responsible for the actual processing of claims on behalf of the Employer/Plan Sponsor. The Third Party Plan Administrator has the right to interpret the appropriate plan provisions in accordance with IRC Section 125 and answer any questions you may have about our Plan.

4. Service of Legal Process

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

State of Connecticut
Office of the State Comptroller
55 Elm Street
Hartford, Connecticut 06106

5. Type of Administration

The type of Administration is Employer Administration.

6. Claims Submission

Claims for expenses should be submitted to:

Progressive Benefit Solutions, LLC
23 Maiden Lane
North Haven, CT 06473

IX ADDITIONAL PLAN INFORMATION

1. Claims Process

You should submit all reimbursement claims during the Plan Year. However, you have 90 days after the end of the Plan Year to submit all eligible claims from the preceding year. Claims submitted after that date will not be considered.

If a DCAP claim is denied in whole or in part, you will receive written notification. The notification will include the reasons for the denial, with reference to the specific provisions of the Plan on which the denial was based, a description of any additional information needed to process the claim, and an explanation of the claims review procedure. Within 60 days after denial, you may submit a written request for reconsideration to the Third Party Plan Administrator.

Any such request should be accompanied by documents or records in support of your appeal. You may review pertinent documents and submit issues and comments in writing. The Third Party Plan Administrator will review the claim and provide a written response to the appeal within 60 days (this period may be extended an additional 60 days under certain circumstances). In this response, the Third Party Plan Administrator will explain the reasons for the decision, with specific reference to the IRC and administrative provisions of the Plan on which the decision is based. The Third Party Plan Administrator has the right to interpret the appropriate plan provisions in accordance with IRC Section 125.