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FOREWORD AND PURPOSE

Your Employer, California State University, Long Beach Foundation, hereby establishes a Flexible Benefits Plan (the "Plan"), effective January 1, 1994, which is intended to provide Eligible Employees the choice among different combinations of health, dependent-care and other benefits as specified in the Plan. The Plan is established in accordance with the provisions of Sections 105, 106, 125 and 129 of the Internal Revenue Code of 1986 ("Code"). The Plan is intended to meet the requirements of Section 125 of the Code and shall be interpreted and administered in accordance with the requirements of that Section.

California State University, Long Beach, Foundation is proud of this Plan and Summary Plan Description (SPD) and wants you, as an Employee, to know about it. This description of the Plan has been prepared to let you know how the Plan works and about how it may benefit you. You should read all parts of this description carefully so that you will not only understand the ways in which the Plan may benefit you, but certain exclusions to coverage and limitations on the receipt of benefits which may apply to you.

Copies of the Plan are available for your inspection at the offices of the Foundation. You may also obtain your own copies by writing to the Administrator of the Plan/SPD at the Foundation's address. If you have any questions about the Plan/SPD, you should contact the Plan Administrator.

CALIFORNIA STATE UNIVERSITY, LONG BEACH, FOUNDATION

FLEXIBLE BENEFIT PLAN

ARTICLE 1.

INTRODUCTION

California State University, Long Beach, Foundation (the "Foundation" or the "Employer") recognizes that Employees who are required to pay for medical benefit premiums, non-reimbursed medical expenses or dependent care assistance would prefer to do so on a pre-tax basis. The Foundation has therefore established this Flexible Benefit Plan (the "Plan") to assist Employees in making the above-referenced contributions on a pre-tax basis. This Plan is an Employee welfare plan as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"). It is not a funded Plan; any benefits owed under the Plan will be paid from the voluntary salary deferrals made by Plan Participants from the Employer's general assets. Employees have no rights to or interest in any specific assets or accounts of the Employer, even if amounts are credited to accounts designated to be used for the payment of Plan benefits.
ARTICLE 2.

DEFINITIONS

The following words and phrases are used quite frequently and have special meanings of which you should take note.

2.1 The **Administrator** is the person or entity appointed by the Board of Directors to oversee the operation of the Plan.

2.2 The **Annual Enrollment Period** shall be a 60 day period which will end December 31, or at such other time as will be designated by the Administrator, and communicated to Eligible Employees.

2.3 **Beneficiary** means any person, estate or trust who by operation of law, or under the terms of the Plan, or otherwise, is entitled to receive any benefit of a participant under the Plan.

2.4 **Benefits** mean pre-tax medical premiums, flexible spending account for health care benefits and dependent care assistance benefits available for election by a Participant.

2.5 **Benefit Election Form** - means the form or forms issued by the Administrator by which an Eligible Employee or Participant enrolls and elects benefits under the Plan.

2.6 The **Board of Directors** are the duly elected members of California State University, Long Beach, Foundation, Board of Directors.

2.7 **Change in Family Status** means:

1. marriage;
2. divorce;
3. death of a spouse or dependent;
4. birth or adoption of a child;
5. termination or commencement of a spouse's employment;
6. the Employee's or spouse's change from part-time to full-time or full-time to part-time employment status;
7. the Employee's or spouse's taking of an unpaid leave of absence;
8. a significant change in the health coverage of the Employee or spouse attributable to the spouse's employment.

2.8 The **Code** is the Internal Revenue Code of 1986, and regulations and rulings issued thereunder, as amended from time to time.

2.9 **Compensation** of a Participant means the total of amounts paid to a Participant by the Foundation and reported on the Participant's Federal Income Tax Withholding Statement (Form W-2) but excluding all fringe benefits, reimbursements and any amounts contributed under this Plan.
2.10 Dependent means an individual who qualifies as a dependent under the terms of a Foundation sponsored group health plan. However, for purpose of the Dependent Care Assistance Plan a Dependent means an individual who qualifies as a dependent under the terms of Section 152 of the Code, as follows:

1. an individual who is:

   one of the following and who receives over one-half of their support from the Participant:

   (1) a son or daughter of the Participant or a descendant of either;

   (2) a stepson or stepdaughter of the Participant;

   (3) brother, sister, stepbrother, or stepsister of the Participant;

   (4) the father or mother of the Participant or an ancestor of either;

   (5) a stepfather or stepmother of the Participant;

   (6) a son or daughter of a brother or sister of the Participant;

   (7) a brother or sister of the father or mother of the Participant;

   (8) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Participant, or

   (9) an individual (other than a spouse) who for the taxable year of the Participant has as his place of abode the home of the Participant and is a member of the Participant’s household; and

B. One or more of the following:

   (1) an individual described in Code Section 152(a) who is under 13 years of age and with respect to whom the Participant is entitled to claim a personal exemption deduction under Code Section 151(c);

   (2) an individual described in Code Section 152 if such individual is physically or mentally incapable of caring for himself; or

   (3) a child as defined in Code Section 151(c)(3) (being a son or daughter of a Participant but not a descendant) or a stepson or stepdaughter of a Participant;

   a. who is less than 13 years of age or who is physically or mentally incapable of caring for himself; and

   b. who receives over one-half of his support from his parents who are divorced, separated or were living apart at all times during the last six months of the calendar year; and
c. whose custodial parent (within the meaning of Code Section 152(e)) is the Participant and who is not eligible to claim the child as a dependent because the Participant has released the claim to the exemption for the year as provided in Code Section 152(e)(2) or is subject to a pre-1985 divorce decree or written agreement that the other parent can claim the exemption and the other parent provides at least $600 in child support during the year as provided in Code Section 152(e)(4); or

(4) an individual who is a spouse of the Participant if the spouse is physically or mentally incapable of caring for himself.

2.11 The Dependent Care Assistance Account is the account described in Article 7, Section 7.8.

2.12 Dependent Care Service Provider is a person who provides care or other services, but shall not include a Dependent Care Center (as defined in Code Section 21(b)(2)(D), unless the requirements of Code Section 21(b)(2)(C) are satisfied, or a related individual described in Code Section 129(c).

2.13 Earned Income means all income derived from wages, salaries, tips, self-employment and other Employee compensations described in Code Section 32(c)(2), but excluding amounts received under this Plan or under any other plan providing dependent care assistance.

2.14 Educational Institution means an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are carried on.

2.15 The Effective Date for purposes of this Plan is January 1, 1994.

2.16 Elective Deferrals shall mean contributions made to the Plan during the Plan Year by the Employer, at the election of the Participant, in lieu of cash compensation and shall include contributions made pursuant to a salary reduction agreement.

2.17 Eligible Employee shall mean any Employee of the Employer, who has completed the waiting period, and who is otherwise authorized under the terms of the Plan to have deferral contributions allocated to his account for all or any portion of the Plan Year. A benefitted Employee shall mean an employee who is eligible to participate in the Employer sponsored group health plan.

2.18 An Employee is an individual who is employed by the Foundation but shall not include a leased Employee within the meaning of Code Section 414(n). Independent Contractors shall also not be Employees for purposes of this Plan.

2.19 The Employer shall mean California State University, Long Beach, Foundation.

2.20 Employment-Related Dependent-Care Expense means an amount paid by a Participant for household services or for the care of a Qualifying Individual, to the extent that such expense is incurred to enable the Participant to be gainfully employed for any period for which there are one or more Qualifying Individuals with respect to the Participant. However, (i) if such amounts are paid for expenses incurred outside the Participant's household, they shall constitute Employment-Related Dependent-Care Expenses only if incurred for a Qualifying Individual who is a Dependent under the age of 13 for whom the Participant is entitled to an exemption under Section 151 of the Code or for a Qualifying Individual who regularly spends at least eight hours per day in the Participant's household; (ii) if the expense is incurred outside the Participant's home at a facility that provides care for more than six individuals who do not regularly reside at the facility, the facility must comply with all applicable licensing requirements, if any; and (iii) Employment-Related Dependent-Care Expenses of a Participant shall not include expenses paid or incurred for services provided by: (i) a child of such Participant who is under the age of 19 or (ii) an individual who is a Dependent
of such Participant or such Participant's spouse.

2.21 ERISA means the Employee Retirement Income Security Act of 1974 and, regulations and rulings issued thereunder, as amended from time to time.

2.22 A Fiduciary means any person who exercises any discretionary authority or responsibility in the management or administration of the Plan or the disposition of Plan assets; or who renders investments advice for a fee or other compensation with respect to any property of the Plan.

2.23 Health Care Expense means an expense related to the diagnosis, cure, mitigation, treatment, or prevention of disease consisting of expenses for medical care within the meaning of Section 213 of the Code, including, but not limited to, payments for the purpose of affecting any structure or function of the body, or for any hospital or nursing charges, optometrical, ophthalmological, or auditory care, routine physical examinations, well-baby care, dental and orthodontic care; psychiatric care; prescription drugs; insulin, eye glasses or contact lenses, hearing-aid appliances, similar prosthetic devices, medical-related transportation or medical or dental insurance out-of-pocket expenses.

The term "Health Care Expense" does not include cosmetic surgery or other similar procedures, unless the surgery or 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. The term "Cosmetic Surgery" means any procedure which is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease.

2.24 Health Care Expense Account means the account established under Section 6.1 for each Participant, as increased under Section 6.2 by Allocated Pay Conversion Contributions and as decreased under Section 6.3 by benefit payments made to the Participant.

2.25 Highly Compensated Employee (HCE) for purposes of the Section 125 Flexible Spending Arrangement Nondiscrimination Tests, Highly Compensated Employee means:

A Participant who according to Code Section 414(q) during the Plan Year being tested or the preceding Plan Year is:

1. An officer;

A shareholder owning more than 5% of the voting power or value of all classes of stock of the Employer;

3. Highly compensated (on the basis of all the facts and circumstances of each case), and

A spouse or dependent of an individual described in 1, 2, or 3 above.

For the purposes of the Dependent Care Assistance Test, "Highly Compensated Employee" means:

A participant who, during the Plan Year being tested or preceding Plan Year:

1. Was at any time more than 5% owner of the Foundation;
2. Received compensation from the Foundation in excess of $85,485;

3. Received compensation from the Foundation in excess of $56,990 and was in the top 20% of Employees (in terms of compensation received for that year), or

4. Was at any time an officer and received compensation greater than $51,291.

The compensation amounts in 2, 3, and 4 are indexed and will be increased according to the prescribed standards under the Code. The amounts shown are the amounts for 1990.

2.26 Key Employee means any participant in the Plan (including a beneficiary of such Employee) who pursuant to Code Section 416(i) at any time during the Plan Year or any of the four preceding Plan Years falls into any one of the following categories:

1. An officer of the Foundation who receives an annual compensation of more than $51,291 (50% of the amount in effect under Section 415(b)(1)(A) of the Code), but in no event shall be more than 50 Employees, or, if less, the greater of three or 10% of all Employees taken into account for determining Key Employees;

One of the 10 Employees owning (or considered as owning within the meaning of Section 318 of the Code) both more than one-half percent interests and the largest interests in the Foundation, provided that such Employee also had compensation for that year exceeding $30,000 (the dollar limit under section 415(c)(1)(a) of the Code) in effect for the calendar year in which the determination of Key Employee status is made;

3. An Employee owning (or considering as owning within the meaning of Section 318 of the Code) more than 5% of the outstanding stock of the Foundation or stock possessing more than 5% of the total combined voting power of all stock of the Foundation; or

4. An Employee who receives as an annual compensation from the Foundation more than $150,000 and who would be described in paragraph (iii) if "1%" were substituted for "5%.

2.27 Leased Employee means any individual who is treated as an Employee of the Employer solely by reason of Section 414(n) of the Code.

2.28 The Named Fiduciary for the Plan is California State University, Long Beach Foundation.

2.29 Participant means an Eligible Employee who has satisfied the eligibility requirements of the Plan, has elected to participate under the election procedures described in the Plan and who has not, for any reason, become ineligible to participate in the Plan.

2.30 Pay Conversion Contributions means the contributions of a Participant made by salary reduction agreement in accordance with Section 4.1.

2.31 Period of Coverage, with respect to any Plan Year, means that Plan Year. However, for any Employee:

who becomes a Participant after the start of a Plan Year, the Period of Coverage means the period commencing on the effective date of the Participant's participation and extending through the remainder of the Plan Year; or
2. who ceases being a Participant after the start of a Plan Year, the Period of Coverage means the period commencing on the first day of the Plan Year and extending through the last day of the Participant’s participation.

2.32 Plan shall mean the California State University, Long Beach, Foundation, Flexible Benefits Plan as set forth herein, as amended from time to time.

2.33 The Plan Year is the 12-month period from January 1 through the last day of December. The first plan year will be a short plan year from October 1, 1993 through December 31, 1993.

2.34 Qualifying Individual means:

a Dependent of a Participant who is under the age of 13, with respect to whom the Participant is entitled to an exemption under Section 151 of the Code, and

2. a Dependent or Spouse of a Participant who is physically or mentally incapable of caring for him or herself. The term does not include a child under the age of one for which a Participant elects to take into account for purposes of claiming the supplemental young child tax credit under Section 32 of the Code.

2.35 Student shall mean an individual who during each of the five (5) calendar months during a Plan Year is a full-time student at an Educational Institution.

2.36 Waiting Period means the time period between the Employee's date of hire and the date the Employee is eligible to participate in the Plan. Employees become eligible to participate in the Plan on the first day of January or July following the completion of 6 months of continuous employment with the Foundation.

2.37 Gender and Number, as used in this Plan, a pronoun or adjective in the masculine gender includes the feminine gender and the singular includes the plural, unless the context clearly indicates otherwise. The words "hereof," "hereunder" and other similar compounds of the word "here" mean and refer to the entire Plan, not to any particular provision or Section.

ARTICLE 3.

PARTICIPATION

3.1 Participation Conditions.

As a condition of participation and receipt of benefits under this Plan, each Participant shall be required to:

Furnish to the Administrator completed appropriate Employee Benefit Election Form(s) along with required documentation;

2. Observe all Plan rules and regulations;

Consent to inquiries by the Administrator with respect to any physician, hospital or other provider of health care or other services involved in a claim under this Plan;

4. Submit to the Administrator all reports, bills and other information that the Administrator may reasonably require; and
Designate a portion of his Compensation as Pay Conversion Contributions in accordance with the provisions of Section 4.1.

3.2 Application To Participate.

As a condition of participation, each Eligible Employee shall complete, sign and deliver to the Administrator the appropriate Employee Benefit Election Forms before his or her first day of participation. It is by these forms that the Eligible Employee applies to participate in the Plan, designates the required portion of his Compensation for that Plan Year as Pay Conversion Contributions, makes benefit elections, and supplies any other pertinent information that the Administrator reasonably requires. Unless otherwise required, the application shall be delivered to the Administrator prior to the first day of an Employee's participation. Copies of these Forms are attached as Exhibits to the Plan document.

3.3 Commencement Of Participation.

Eligible Employees may become Participants only following the date that an Eligible Employee first satisfies the requirements for participation of this Section.

ARTICLE 4.

PAY CONVERSION AND BENEFIT ELECTIONS

4.1 Pay Conversion.

Each Participant shall designate a portion of his Compensation for each Plan Year as Pay Conversion Contributions. The portion shall be specified by the Participant at the time that a benefit election is made under Section 4.2 of the Employee Benefit Election Form. However, the minimum is $20 and the maximum per Plan Year is as follows:

1. The maximum annual contribution per Participant to pay for health care insurance premiums under Article 5 shall be the actual cost of such premium payments.

The amount that shall be allocated to provide for this benefit, if chosen, is an amount equal to the premium or percentage portion of the premium otherwise payable by the Participant for group health care coverage as determined by the Administrator and announced to Eligible Employees prior to the beginning of the Plan Year depending on the group health care coverage option selected by the Participant. The Participant shall have the right to elect health care insurance premium payment benefits as set forth on the Pre-Tax Premium Conversion Election form.

The maximum annual contribution per Participant to this Health Care Expense Reimbursement Account under Article 6 shall be $2,000.

3. The maximum annual contribution per Participant to his Dependent-Care Assistance Account under Article 7 shall be $5,000, or, instead, $2,500 if a Participant is married and files a separate Federal income tax return for that year.

The Foundation, may, if necessary, adjust the rate to account for benefit election adjustments prescribed by Article 5. Except as otherwise provided by the Foundation, Pay Conversion Contributions shall reduce the Participant's Compensation ratably on each pay day beginning on or after the first day of the Participant's participation, and shall continue in effect until changed in accordance with Section 4.2.

To the extent a Participant continues to receive pay from the Employer and does not elect a health care insurance pre-tax premium benefit, health care expense account benefit or dependent care assistance account benefit, the Participant shall be entitled in lieu thereof, to payment of his or her normal wages, in accordance with the regular
payroll practices of the Employer.

The cash benefit provided pursuant to this subsection is that part of the Participant's wages or regular compensation subject to salary reduction or payroll deduction under Section 4.1 and is not an amount in addition thereto. The cash benefit shall cease when the Participant ceases to be compensated by the Employer.

4.2 Benefit Elections.

Each Participant shall make a benefit election, in the manner provided in the Plan, to apply his Pay Conversion Contributions during each Plan Year, in such proportions as he chooses, to the following:

A. To apply to the Participant's Health Care Expense Reimbursement Account for that Plan Year in accordance with Article 6; and/or

To apply to the Participant's Dependent-Care Assistance Account for that Plan Year in accordance with Article 7.

To pay the Participant's premiums for Foundation-sponsored health care as set forth in Article 5.

A Participant's initial benefit election shall be made as part of his application to participate under Article 5 and the election shall remain in effect until changed in accordance with this Section. A Participant may change his benefit election for a subsequent Plan Year by providing written notice to the Foundation on a new Employee Benefit Election Form prior to the first day of the Plan Year for which such change is to be effective in accordance with rules prescribed by the Administrator.

A Participant's benefit election for any Plan Year shall be irrevocable during the Plan Year, except for the automatic adjustment provided in Article 5 and except that:

A. The Foundation may limit a Participant's contributions in accordance with Section 10.3, and

B. If the Participant has a change in family status, he shall be entitled to change his benefit election in a manner that is consistent with such change in family status, by providing written notice to the Foundation within 31 days of the family-status change. An authorized change in the Participant's benefit election due to a change in family status shall be effective for the later of:

(1) the first day of the first calendar month on or after the date on which the Administrator receives the Participant's written notice; or

(2) the first day of the first calendar month in which the change in family status occurs.

C. If there is a significant increase in required medical insurance premiums with respect to coverage provided by an independent third party under Section 9.5, a Participant who is covered under that insurance arrangement and who does not choose to pay the increased premium shall be entitled to change his benefit election by: revoking coverage under the Foundation-sponsored health plan for which the premiums are being increased; and changing to a different health plan, if any, sponsored by the Foundation.

D. If there is a substantial curtailment of health plan coverage provided by an independent third party under Article 5 or if that coverage ceases, a Participant who is covered under that health insurance arrangement shall be entitled to change his benefit election by: revoking coverage under the Foundation-sponsored health plan for the Plan being curtailed; and changing to a different health plan, if any, sponsored by the Foundation.
A Participant who separates from service to the Foundation during a period of coverage may revoke existing benefit elections and terminate the receipt of benefits for the remaining portion of the period of coverage. However, if the Employee should return to service for the Employer, the Employee cannot make new benefit elections for the remaining portion of the period of coverage.

**ARTICLE 5.**

**PRE-TAX PAYMENT OF INSURANCE PREMIUMS**

5.1 **Pre-Tax Payment Of Premiums.**

To the extent a Participant so elects, a portion of the Participant's Pay Conversion Contributions shall be used to pay the Participant's share of the cost of coverage under any Foundation-sponsored group health plan.

The benefit description in each such plan is incorporated by reference into this Plan. The terms and conditions of each of those plans shall govern the provision of benefits under each plan.

If, during the Plan Year, the cost of a health plan provided by an independent third party which is selected by a Participant changes and the change is not significant, the Participant's benefit election shall, with respect to premium payments for that health plan, automatically be adjusted to reflect such change. A Participant shall not be permitted to change coverage during a Plan Year because of change in the cost of coverage, except as otherwise provided in Article 4.