2016 FLEXIBLE BENEFITS PLAN OVERVIEW

What is the Flexible Benefits Plan?

The Troutman Sanders LLP Flexible Benefits Plan (the "Plan") allows you to choose among certain benefit options and to pay for those options with "pre-tax" dollars. Under the Plan, you may:

- pay the cost of coverage under the Firm's Group Health Care Plan and certain voluntary benefit plans on a pre-tax basis;
- reimburse yourself under a Medical Spending Account on a pre-tax basis for certain medical expenses incurred by you or your dependents that are not reimbursable from any other source;
- reimburse yourself under a Limited Purpose Spending Account on a pre-tax bases for certain dental care and vision care expenses incurred by you or your dependents that are not reimbursable from any other source; and
- reimburse yourself under a Dependent Care Spending Account on a pre-tax basis for certain dependent care expenses that you incur if you and your spouse both work.

How much can I contribute to the Plan?

You may pay medical, dental and vision plan premiums required under the Firm's Group Health Care plan.

In addition to your medical, dental and vision plan premiums, the maximum you can contribute to a Medical Spending Account or Limited Purpose Spending Account under the Plan is $2,550 per year. The maximum you can contribute to a Dependent Care Spending Account under the Plan is $5,000 per year. However, you may not contribute more than the total amount you earn.

As a general rule, you and your spouse may only contribute up to $5,000 per year to a Dependent Care Spending Account. If you are married but file separate returns, you are limited to $2,500 per year.

How do I participate?

You must submit a Flexible Benefits Plan Election if you wish to participate in one or more of the spending accounts – a Medical Spending Account, a Limited Purpose Spending Account or a Dependent Care Spending Account. Your medical, dental and vision plan premiums will automatically be deducted from your pay on a pre-tax basis. If you wish to pay your medical, dental and vision plan premiums on an after-tax basis you must contact your local HR Representative or the Benefits Department in Atlanta for additional information and paperwork.

If you decline medical plan coverage because you have other group health coverage and later involuntarily lose that other coverage, you can elect to be covered under the Firm's medical plan within 31 days of the date you involuntarily lost your other coverage provided that you present proof of other coverage.

What is the Flexible Benefits Opt-Out Credit?

If you elect to waive coverage under the Firm's group medical plan, and you provide proof that you have other medical coverage, you will be eligible for an annual credit in an amount up to $500 (accrues monthly) which you can apply to a Medical Spending Account, a Limited Purpose Spending Account, a Dependent Care Spending Account or a combination of accounts.

Can I include expenses for my dependents?

You can consider expenses for medical care for your qualified family members provided the expenses are not reimbursable from any other source. These expenses are eligible even if they are insured under a plan other than the Troutman Sanders Plan. However, you can not consider medical insurance premiums for any Plan other than the Troutman Sanders medical insurance plan.

How does the pre-tax saving work?

Paying the cost of insurance coverage through the Plan or using a Medical Spending Account, Limited Purpose Spending Account or Dependent Care Spending Account gives you an excellent way to pay for certain health care and dependent care expenses with before-tax dollars.

Normally, your out-of-pocket expenses for insurance premiums, health, dental and vision care and dependent day care are paid out of your take-home pay – after federal and state income taxes and social security taxes are withheld. Under the spending accounts you can direct part of your pay to either one or more of the accounts before those taxes are calculated and withheld. This means your current W-2 taxable income will be lower, and no federal and state income taxes and social security taxes will be taken out of money used from those accounts to pay for eligible expenses so, you'll keep more pay in your pocket, instead of Uncle Sam's.

What is a Medical Spending Account?

A Medical Spending Account is designed to add to the coverage you already have through your medical plan. A Medical Spending Account will help you pay for some expenses that are not covered at all or are only partially covered by insurance. You are not eligible for Coverage under a Medical Spending Account until your coverage under the medical plan begins. Your Flexible Benefits Elections must be submitted no later than 31 days after you are eligible. Coverage does not begin until your elections have been received. The maximum you may contribute to a Medical Spending Account is $2,550 per year.

The money you redirect to this account comes "off the top" of your pay – before federal and state income taxes and social security taxes are withheld.

Once you have qualified expenses that are not covered under your medical plan, you may be reimbursed with before-tax dollars from your Medical Spending Account not to exceed the amount you have elected for the year. You should note that if you are enrolled in a Cigna Medical Plan option, Cigna Flexible Benefit Administration will automatically reimburse you when your medical claims have been processed.

What are Qualified Expenses for a Medical Spending Account?

A Medical Spending Account helps you save tax dollars on health-related treatment you and your family receive. The IRS determines what qualifies as eligible expenses for a Medical Spending Account and includes the following:

- Over-the-counter medications to include medications that alleviate or treat personal injuries or sickness such as cold and flu medicines, pain relievers, allergy medications, contraception, first aid topicals, nicotine replacement therapies, stomach remedies, and acne treatments are NOT eligible for reimbursement under a medical spending account unless you have a prescription from your doctor. The exception to this rule is insulin. You may receive reimbursement for insulin even if purchased without a prescription.
- Deductibles and co-payments not paid by any health or dental insurance in which you or any family members participate;
- Expenses above the "reasonable and customary" charges paid under your medical or dental plan;
- Vision exams, prescription glasses, contact lenses and Lasik surgery;
- Hearing exams and hearing aids;
- Vitamins requiring a prescription, birth control pills; and
- Other IRS-approved health expenses including prescribed medical equipment, guide dogs, special schools for those with certain physical or mental disabilities and transportation to receive medical treatment.
- Mileage to and from medical appointments and associated parking expenses.

You should read IRS Publication 502 for additional information about eligible expenses, available at your local public library, IRS office or on the Internet at *www.irs.gov*.

You may not be reimbursed for expenses incurred for cosmetic surgery or other procedures, treatments or drugs which are cosmetic in nature. However, expenses for cosmetic surgery or treatment (including drugs) to correct a deformity as a result of a congenital abnormality or a personal injury resulting from an accident, trauma or disfiguring disease are eligible for reimbursement under a Medical Spending Account.

What is a Limited Purpose Spending Account?

A Limited Purpose Spending Account may be established by individuals who are enrolled in a High Deductible Health Plan. A Limited Purpose Spending Account will help you pay for dental care and vision care expenses that are not covered at all or are only partially covered by insurance. You are not eligible for Coverage under a Limited Purpose Spending Account until your coverage under the dental or vision plan begins. Your Flexible Benefits Elections must be submitted no later than 31 days after you are eligible. Coverage does not begin until your elections have been received. The maximum you may contribute to a Limited Purpose Spending Account is $2,550 per year.

A Limited Purpose Spending Account may be used for qualified dental care and vision care expenses only. Individuals enrolled in a High Deductible Health Plan may establish a Health Savings Account (HSA), which may be used for qualified medical expenses.

The money you redirect to this account comes “off the top” of your pay – before federal and state income taxes and social security taxes are withheld.

Once you have qualified expenses that are not covered under your dental or vision plan, you may be reimbursed with before-tax dollars from your Limited Purpose Spending Account not to exceed the amount you have elected for the year.

What happens if I do not use all of the money I have allocated to a Medical Spending Account or Limited Purpose Spending Account?

You may carryover up to $500 in unused Medical Spending Account or Limited Purpose Spending Account contributions into the next plan year. The IRS requires any amounts exceeding $500 that are not used for that year’s expenses be forfeited and may not be refunded to you.

Note: If you currently have a Medical Spending Account and you elect to enroll in a High Deductible Health Plan in the new plan year, you may carryover up to $500 in unused Medical Spending Account contributions into a Limited Purpose Spending Account only. Contributions in a Limited Purpose Spending Account may be used for eligible dental care and vision care expenses only.

Once you decide to set aside part of your pay in a Medical Spending Account or Limited Purpose Spending Account, you cannot change that decision until the next enrollment period. Exceptions are permitted only if a change occurs in your work or family status and the change or revocation of your election is consistent with the change in status. Examples of a change in status may include the birth or adoption of a child, a change in marital status, death of a dependent, a change in employment status or job classification for you or a covered family member, or if your only eligible dependent becomes ineligible for medical plan coverage.

What is the Dependent Care Account?

The Dependent Care Account allows you to set aside up to $5,000 to pay yourself back for the cost of care for your children or other eligible dependents so that you can work. It works primarily the same way as the Medical Spending Account except that you may not receive a reimbursement for more than you actually have contributed to your Dependent Care Account.

Your Flexible Benefits Election must be submitted no later than 31 days after you are eligible. Coverage does not begin until your election is received.

Generally, eligible dependents are *children under age 13* who are included on your federal income tax return, and dependents claimed on your tax return who are physically or mentally unable to take care of themselves and who normally spend at least eight hours a day in your home. (See IRS Publication 503 for more details.)

You may contribute up to $5,000 each plan year on a before-tax basis to pay for eligible dependent care expenses. If you are married but file separate income tax returns, the most you can contribute is $2,500. If your spouse also participates in a dependent care spending account through his or her employer, the $5,000 annual maximum is the total amount which you may contribute together.

What happens if I do not use all of the money I have allocated to a Dependent Care Spending Account?

The short answer is USE IT or you will LOSE IT, so PLEASE PLAN CAREFULLY!

The IRS has strict rules about what happens to the money in your Dependent Care Spending Account. Those rules state that any money put into your spending account during the year can only be used to repay yourself for that calendar year's qualified expenses. You will not be permitted to carry that money over to pay for any expenses you have in the following year. You are not permitted to transfer money between a Medical Spending Account, a Limited Purpose Spending Account and a Dependent Care Account.

The IRS also requires that any money you put into a Dependent Care Spending Account that is not used for that year's expenses be forfeited and may not be refunded to you. This is known as the "use it or lose it" rule. You need to take advantage of the tax break by setting aside only as much as you can use in one year.

Once you decide to set aside part of your pay in a Dependent Care Spending Account, you cannot change that decision until the next enrollment period. Exceptions are permitted only if a change occurs in your work or family status and the change or revocation of your election is consistent with the change in status. Examples of a change in status may include the birth or adoption of a child, a change in marital status, death of a dependent, a change in employment status or job classification for you or a covered family member, or if your only eligible dependent becomes ineligible for medical plan coverage.

Will my future social security benefits be affected?

Because you are reimbursing yourself with before-tax dollars, you are paying less social security (FICA) tax; and therefore your social security benefits received at retirement may be slightly less. In most cases, the immediate tax savings provided through a spending account will more than offset the slight reduction in future social security benefits.

Where can I get more information on the Flexible Benefits Plan?

This document is just an overview of the Flexible Benefits Plan. If you have further questions, you should refer to the full Summary Plan Description or contact your local HR Representative or the Firm's Benefits Department in Atlanta.