

ENKI HEALTH & RESEARCH SYSTEMS, INC.
PREMIUM ONLY PLAN – Enrollment Form/Salary Reduction Agreement

All eligible Employees should complete this Form and return it to the Plan Administrator.

Employer Name: ENKI HEALTH AND RESEARCH SYSTEMS, INCORPORATED

Employee Name: _____ SSN: _____

I have reviewed the terms of my employer’s Premium Only Plan as described in the Plan summary. I understand that payment of pre-tax premiums through the Premium Only Plan is optional for all eligible Employees who are or will be enrolled in one or more of the Benefits listed in the Plan Highlights. As a Participant in the Plan, I understand that:

- If I elect to have my future income reduced to pay my share of premiums for one or more Benefits on a pre-tax basis through the Premium-Only Plan, ** my share of premiums will be deducted pre-tax from my future pay through equal payroll deductions during the Plan Year.
- I will have the opportunity to change my benefit elections prior to the beginning of the next Plan Year, effective as of the beginning of that next Plan Year. I may not change or revoke this Agreement as of any date prior to the beginning of the next Plan Year unless I experience an event that permits a mid-year election revocation and/or change, as set forth in the Plan and described in the Plan Summary.
- Payroll deductions under this Agreement will continue for each pay period until this Agreement is revoked, amended or otherwise terminated. The amount of my contribution for the Benefits that I have selected is set forth on a schedule or schedules that my employer has provided to me. I understand that the Plan Administrator will automatically increase (or decrease) my contribution rate if there is a change in the cost of such Benefits.
- Executing this Agreement will not commence my coverage under the Benefits I have elected to fund through the Plan. I will be required to complete separate enrollment forms and/or salary reduction agreements for these Benefits.
- Pre-tax premiums that are taken from my pay under this Agreement will reduce my compensation for Social Security tax purposes. This could cause my Social Security benefits to be decreased.
- I will have the opportunity to change my election for each upcoming Plan Year during an open enrollment period before the beginning of that Plan Year. If I fail to return a completed Agreement and similar agreements for any underlying Benefits to the Plan Administrator on or before the specified date during this open enrollment period, that failure will be treated as (a) an election to reelect for the upcoming Plan Year the same Benefit coverage(s) then in effect and (b) an agreement to reduce my compensation for the upcoming Plan Year equal to my share of the premiums for the Benefit coverage(s) deemed elected.

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- I elect to participate. By checking this box, I understand that my future salary will be reduced to pay for insurance premiums on a pre-tax basis. I understand that I cannot change this election until the beginning of the next Plan Year, except as provided in the Plan document and described in the Plan Summary.
- I do not want to participate. By checking this box, I understand that my salary will not be reduced to pay for insurance premiums on a pre-tax basis. I understand that I cannot change this election until the beginning of the next Plan Year, except as provided in the Plan document and described in the Plan Summary.

Employee’s Signature

Date

Accepted and agreed to:

Plan Administrator’s Signature

Date

** If my employer includes Group Term Life Insurance as a Benefit under the Plan, I understand that the cost of any group term life insurance coverage in excess of \$50,000 that I elect will be included in my taxable income.

ENKI HEALTH & RESEARCH SYSTEMS, INC.

PREMIUM ONLY PLAN

IMPORTANT INFORMATION ON HOW YOU MAY INCREASE YOUR TAKE HOME PAY

We are pleased to offer you our Premium Only Plan (POP). By taking part in this employee benefit plan, you'll essentially be giving yourself a raise by increasing your take-home pay.

The Premium Only Plan allows employee payroll deductions for group insurance premiums to be taken before taxes instead of after taxes. The extra money you put in your pocket comes from not having to pay Social Security and Federal Income taxes on your premium deductions. In some states you also save by not having to pay State Income taxes either.

	With POP	Without POP
Monthly Gross Pay	\$2000	\$2000
Pre-tax premium payment	185	0
• Medical	\$125	
• Dental	30	
• LTD	10	
• Term Life	10	
• Vision	7	
• AD & D	3	
Taxable Gross Income	1815	2000
Federal Tax	177	205
Social Security/Medicare	139	153
State Tax	51	62
Post-tax premium payment	0	185
TAKE HOME PAY	\$1448	\$1395

With POP, this employee's take home pay increased by \$636 per year.

Illustration based on a single employee residing in New York State with one federal exemption at 2002 tax rate. Amounts in this illustration have been rounded to whole dollars. Individual results may vary. Rules regarding state income taxability vary by state.