

**CENTENARY COLLEGE OF LOUISIANA
FLEXIBLE SPENDING ACCOUNT**

SUMMARY PLAN DESCRIPTION

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SUMMARY

CENTENARY COLLEGE OF LOUISIANA
FLEXIBLE SPENDING ACCOUNT

INTRODUCTION

We have amended the "flexible benefits plan" that we previously established for you and other eligible employees. Under this program, you will be able to choose among certain benefits that we make available. The benefits that you may choose are outlined in this summary plan description. We will also tell you about other important information concerning the amended Plan, such as the rules you must satisfy before you can join and the laws that protect your rights.

One of the most important features of our Plan is that the benefits being offered are generally ones that you are already paying for, but normally with money that has first been subject to income and Social Security taxes. Under our Plan, these same expenses will be paid for with a portion of your pay before Federal income or Social Security taxes are withheld. This means that you will pay less tax and have more money to spend and save.

Read this summary plan description carefully so that you understand the provisions of our amended Plan and the benefits you will receive. You should direct any questions you have to the Administrator. There is a plan document on file which you may review if you desire. In the event there is a conflict between this summary plan description and the plan document, the Plan will control. Also, if there is a conflict between an insurance contract and either the plan document or this summary plan description, the insurance contract will control.

I
ELIGIBILITY

1. When Can I Become a Participant in the Plan?

Before you become a member or a "Participant" in the Plan, there are certain rules which you must satisfy. First, you must meet the "eligibility requirements." After that, the next step is to actually join the Plan on the "entry date" that we have established for all employees. You will also be required to complete certain application forms before you can enroll in the Health Care Reimbursement Plan or Dependent Care Assistance Account.

2. What Are the Eligibility Requirements for Our Plan?

You will be eligible to join the Plan once you have satisfied the conditions for coverage under our group medical plan. Of course, if you were already a participant before this amendment, you will remain a participant.

3. When Is My Entry Date?

You can join the Plan on the day you meet the eligibility requirements.

4. Are There Any Employees Who Are Not Eligible?

Yes, there are certain employees who are not eligible to join the Plan. They are:

-- Employees who are part-time. A part-time employee is someone who works, or is expected to work, less than 30 hours a week.

5. What Must I Do to Enroll in the Plan?

Before you can join the Plan, you must complete an application to participate in the Plan. The application includes your personal choices for each of the benefits which are being offered under the Plan. You must also authorize us to set some of your earnings aside in order to pay for the benefits you have elected.

However, if you are already covered under any of the self-insured benefits, you will automatically participate in this Plan to the extent of your premiums unless during the "election period" you elect not to participate in this Plan.

II
OPERATION

1. How Does This Plan Operate?

Before the start of each Plan Year, you will be able to elect to have some of your upcoming pay contributed to the Plan. These amounts will be placed in special funds or accounts which must be set up for you in order to pay for the benefits you have chosen. The portion of your pay that is paid to the Plan is not subject to Federal income or Social Security taxes. In other words, this allows you to use tax-free dollars to pay for certain kinds of benefits and expenses which you normally pay for with out-of-pocket, taxable dollars. However, if you receive a reimbursement for an expense under the Plan, you cannot claim a Federal income tax credit or deduction on your return.

III CONTRIBUTIONS

1. How Much of My Pay May the Employer Redirect?

Each year, for the premium payment benefits provided under this Plan we automatically contribute on your behalf enough of your compensation to pay for the coverage provided. In addition, you may elect to have us contribute on your behalf up to \$3,000.00 of your compensation. These amounts will be deducted from your pay over the course of the year. However, you may not have us contribute more than \$3,000.00 each Plan Year.

2. What Happens to Contributions Made to the Plan?

Before each Plan Year begins, you will select the non-insured benefits you want and how much of the contributions should go toward each benefit. It is very important that you make these choices carefully based on what you expect to spend on each covered benefit or expense during the Plan Year. Later, they will be used to pay for the expenses as they arise during the Plan Year.

3. When Must I Decide Which Accounts I Want to Use?

You are required by Federal law to decide before the Plan Year begins, during the "election period." You must decide two things. First, which benefits you want and, second, how much should go toward each benefit.

If you are already covered by any of the self-insured benefits offered by this Plan, you will automatically become a Participant to the extent of the premiums for such insurance unless you elect, during the "election period," not to participate in the Plan.

4. When Is the "Election Period" for Our Plan?

Your election period will start on the date you first meet the "eligibility requirements" and end 30 days after your "entry date." (You should review Section I on Eligibility to better understand the terms "eligibility requirements" and "entry date.") Then, for each following Plan Year, the election period will be the 30 day period prior to the beginning of each Plan Year. (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?

Generally, no. You cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. For all benefits, you are permitted to change if there is a change in your family status. Currently, Federal law considers the following events to be examples of a change in family status:

- You get married or divorced.
- You have a child or adopt one.
- Your spouse and/or child(ren) die(s).
- Your spouse commences or terminates employment.
- Your or your spouse's employment status changes from full-time to part-time or from part-time to full-time.
- You or your spouse take an unpaid leave of absence.

There may be other events which are considered to be a change in family status. Also, any election change must be consistent with the reason that such change was permitted.

For health benefits, there are certain limited situations when you can change your elections. You are permitted to change elections if you have a change in status which results in you, your spouse or dependent gaining or losing eligibility for coverage under our health plan or your spouse's or dependent's health plan, and the change you make is consistent with that gain or loss of coverage. Currently, Federal law considers the following events to be "changes in status":

- Marriage, divorce, death of a spouse, legal separation or annulment;
- Change in the number of dependents, including birth, adoption, placement for adoption, or death of a dependent;
- Termination or commencement of employment by you, your spouse, or dependent;
- A reduction or increase in hours of employment by you, your spouse or dependent, including a switch between part-time and full-time, a strike or lockout, or commencement or return from an unpaid leave of absence;
- One of your dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance; and
- A change in the place of residence or worksite of you, your spouse or dependent.

If you have a change in family status or a change in status, you should contact the Administrator, who will provide you with the required forms for changing your benefit elections.

6. May I Make New Elections in Future Plan Years?

Yes, you may. For each new Plan Year, you may change the elections that you previously made. You may also choose not to participate in the Plan for the upcoming Plan Year. If you do not make new elections during the "election period" before a new Plan Year begins, we will consider that to mean you have elected not to participate for the upcoming Plan Year.

IV
BENEFITS

1. What Benefits Are Available?

Under our Plan, you can choose to receive your entire compensation in cash or use a portion to pay for the following benefits or expenses during the year:

Health Care Reimbursement Plan:

The Health Care Reimbursement Plan enables you to pay for expenses which are not covered by our medical plan and save taxes at the same time. The account allows you to be reimbursed by the Employer for out-of-pocket medical, dental and vision expenses incurred by you and your dependents. The expenses which qualify are those permitted by Section 213 of the Internal Revenue Code. A list of covered expenses is available from the Administrator. You may not, however, be reimbursed for the cost of other health care coverage maintained outside of the Plan, or for long-term care expenses.

In order to be reimbursed for a health care expense, you must submit to the Administrator an itemized bill from the service provider. Amounts reimbursed from the Plan may not be claimed as a deduction on your personal income tax return. Reimbursement from the fund shall be paid at least once a month.

Dependent Care Assistance Account:

The Dependent Care Assistance Account enables you to pay for out-of-pocket, work-related dependent day-care cost with pre-tax dollars. If you are married, you can use the account if you and your spouse both work or, in some situations, if your spouse goes to school full-time. Single employees can also use the account.

An eligible dependent is any member of your household for whom you can claim expenses on Federal Income Tax Form 2441 "Credit for Child and Dependent Care Expenses." Children must be under age 13. Other dependents must be physically or mentally unable to care for themselves. Dependent Care arrangements which qualify include:

-- A 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.

-- An Educational Institution for pre-school children. For older children, only expenses for non-school care are eligible.

-- 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.

You should make sure that the dependent care expenses you are currently paying for qualify under our Plan. The law places limits on the amount of money that can be paid to you in a calendar year from your Dependent Care Assistance Account. Generally, your reimbursements may not exceed the lesser of: (a) \$5,000 (if you are married filing a joint return or you are head of a household) or \$2,500 (if you are married filing separate returns); (b) your taxable compensation; (c) your spouse's actual or deemed earned income (a spouse who is a full time student or incapable of caring for himself/herself has a monthly earned income of \$200 for one dependent or \$400 for two or more dependents). Also, in order to have the reimbursements made to you from this account be excludable from your income, you must provide a statement from the service provider including the name, address, and in most cases, the taxpayer identification number of the service provider on your tax form for the year, as well as the amount of such expense as proof that the expense has been incurred. In addition, Federal tax laws permit a tax credit for certain dependent care expenses you may be paying for even if you are not a Participant in this Plan. You may save more money if you take advantage of this tax credit rather than using the Dependent Care Assistance Account under our Plan. Ask your tax adviser which is better for you.

Premium Expense Account:

A Premium Expense Account allows you to use tax-free dollars to pay for certain premium expenses under various insurance programs that we offer you. These premium expenses include:

-- Health and dental care premiums under our self-funded medical plan.

The Administrator may terminate or modify Plan benefits at any time, subject to the provisions of any contracts providing benefits described above. Also, your coverage will end when you leave employment, are no longer eligible under the terms of any coverage, or when coverage terminates.

Any benefits to be provided by insurance will be provided only after (1) you have provided the Administrator the necessary information to apply for insurance, and (2) the insurance is in effect for you.

V
BENEFIT PAYMENTS

1. When Will I Receive Payments From My Accounts?

During the course of the Plan Year, you may submit requests for reimbursement of expenses you have incurred. Expenses are considered "incurred" when the service is performed, not necessarily when it is paid for. The Administrator will provide you with acceptable forms for submitting these requests for reimbursement. If the request qualifies as a benefit or expense that the Plan has agreed to pay, you will receive a reimbursement payment soon thereafter. Remember, these reimbursements which are made from the Plan are generally not subject to federal income tax or withholding. Nor are they subject to Social Security taxes. *The provisions of the insurance contracts will control what benefits will be paid and when.* You will only be reimbursed from the Dependent Care Assistance Account to the extent that there are sufficient funds in the Account to cover your request.

2. What Happens If I Don't Spend All Plan Contributions?

Any monies left at the end of the Plan Year will be forfeited. Obviously, qualifying expenses that you incur late in the Plan Year for which you seek reimbursement after the end of such Plan Year will be paid first before any amount is forfeited. However, you must make your requests for reimbursement no later than 90 days after the end of the Plan Year. Because it is possible that you might forfeit amounts in the Plan if you do not fully use the contributions that have been made, it is important that you decide how much to place in each account carefully and conservatively. Remember, you must decide which benefits you want to contribute to and how much to place in each account before the Plan Year begins. You want to be as certain as you can that the amount you decide to place in each account will be used up entirely.

3. Family and Medical Leave Act (FMLA)

If you take leave under the Family and Medical Leave Act, you may revoke or change your existing elections for health insurance and the Health Care Reimbursement Plan. If your coverage in these benefits terminates, due to your revocation of the benefit while on leave or due to your non-payment of contributions, you will be permitted to reinstate coverage for the remaining part of the Plan Year upon your return. However, for the Health Care Reimbursement Plan, the expenses you incur during that lapse in coverage are not reimbursable and your maximum amount will be reduced proportionately for the time that you were gone. *For example, if you elect \$1,200 for the year and are out on leave for 3 months, your amount will be reduced to \$900.*

If you continue your coverage during your unpaid leave, you may pre-pay for the coverage, you may pay for your coverage on an after-tax basis while you are on leave, or you and your Employer may arrange a schedule for you to "catch up" your payments when you return.

4. What Happens If I Terminate Employment?

If you leave our employ during the Plan Year, your right to benefits will be determined in the following manner:

-- You will remain covered by insurance, but only for the period for which premiums have been paid prior to your termination of employment.

-- You will still be able to request reimbursement for qualifying dependent care expenses for the remainder of the Plan Year from the balance remaining in your dependent care account at the time of termination of employment. However, no further salary redirection contributions will be made on your behalf after you terminate.

-- Your participation in the Health Care Reimbursement Plan will cease, and no further salary redirection contributions will be contributed on your behalf. However, you will be able to submit claims for health care expenses incurred prior to your date of termination.

You, your spouse, and your dependents may be entitled to continuation of health care coverage. The Administrator will inform you of these rights if you terminate employment.

It is your responsibility to notify the Plan Administrator of a divorce, legal separation or other change in marital status, change in a spouse's address, or a child losing dependent status under the plan, within sixty (60) days of the event. It is our responsibility to notify the Plan Administrator of your death, termination of employment or reduction in hours, or Medicare eligibility.

5. Will My Social Security Benefits Be Affected?

Your Social Security benefits may be slightly reduced because when you receive tax-free benefits under our Plan, it reduces the amount of contributions that you make to the Federal Social Security system as well as our contribution to Social Security on your behalf.

VI HIGHLY COMPENSATED AND KEY EMPLOYEES

1. Do Limitations Apply to Highly Compensated Employees?

Under the Internal Revenue Code, "highly compensated employees" and "key employees" generally are Participants who are officers, shareholders or highly paid. 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. Federal tax laws state that a plan will be

considered to unfairly favor the key employees if they as a group receive more than 25% of all of the nontaxable benefits provided for under our Plan.

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

VII PLAN ACCOUNTING

1. Periodic Statements

The Administrator will provide you with a statement of your account periodically during the Plan Year that shows your account balance. It is important to read these statements carefully so you understand the balance remaining to pay for a benefit. Remember, you want to spend all the money you have designated for a particular benefit by the end of the Plan Year.

VIII GENERAL INFORMATION ABOUT OUR PLAN

This Section contains certain general information which you may need to know about the Plan.

1. General Plan Information

Centenary College of Louisiana Flexible Spending Account is the name of the Plan.

Your Employer has assigned Plan Number 501 to your Plan.

The provisions of your amended Plan become effective on January 1, 1999. Your Plan was originally effective on June 1, 1987.

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 January 1 and ends on December 31.

2. Employer Information

Your Employer's name, address, and identification number are:

Centenary College of Louisiana
2911 Centenary Blvd.
Shreveport, Louisiana 71104
72-0408915

3. Plan Administrator Information

The name, address and business telephone number of your Plan's Administrator are:

Centenary College of Louisiana
2911 Centenary Blvd.
Shreveport, Louisiana 71104
318-869-5127

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

4. Service of Legal Process

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

Centenary College of Louisiana
2911 Centenary Blvd.
Shreveport, Louisiana 71104

5. Type of Administration

The type of Administration is Employer Administration.

IX
ADDITIONAL PLAN INFORMATION

1. Claims Process

You should submit reimbursement claims during the Plan Year, but in no event later than 90 days after the end of a Plan Year. Any claims submitted after that time will not be considered. Claims for benefits that are insured or self-funded will be reviewed in accordance with procedures contained in the policies. All other general claims or requests should be directed to the Administrator of our Plan. If a non-insured claim under the Plan is denied in whole or in part, you or your beneficiary 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. If we fail to respond within 90 days, your claim is treated as denied. Within 60 days after denial, you or your beneficiary may submit a written request for reconsideration of the application to the Administrator.

Any such request should be accompanied by documents or records in support of your appeal. You or your beneficiary may review pertinent documents and submit issues and comments in writing. The Administrator will review the claim and provide, within 60

days, a written response to the appeal. (This period may be extended an additional 60 days under certain circumstances.) In this response, the Administrator will explain the reason for the decision, with specific reference to the provisions of the Plan on which the decision is based. The Administrator has the exclusive right to interpret the appropriate plan provisions. Decisions of the Administrator are conclusive and binding.

X
SUMMARY

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. Our flexible benefits plan will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Administrator.

QUALIFYING MEDICAL CARE EXPENSES

Under the Plan, you will be reimbursed only for those types of medical expenses normally deductible on your federal income tax return (without regard to the 7.5% of adjusted gross income limitation). They include, for example, expenses you have incurred for:

1. Medicine, drugs, birth control pills and vaccines that your doctor prescribed.
2. Medical doctors, dentists, eye doctors, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists and psychoanalysts (medical care only).
3. Medical examination, X-ray and laboratory service, insulin treatment and whirlpool baths the doctor prescribed.
4. Nursing help. If you pay someone to do both nursing and housework, you can be reimbursed only for the cost of the nursing help.
5. Hospital care (including meals and lodging), clinic costs and lab fees.
6. Medical treatment at a center for substance abuse.
7. Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, orthopedic shoes, crutches, wheelchairs, guide dogs and the cost of maintaining them.
8. Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received the care; or you can claim 10 cents a mile. Add parking and tolls to the amount you claim under either method.

You cannot obtain reimbursement for:

1. The basic cost of Medicare insurance (Medicare A).
2. Life insurance or income protection policies.
3. Accident or health insurance for you or members of your family.
4. The hospital insurance benefits tax withheld from your pay as part of the Social Security tax or paid as part of Social Security self-employment tax.
5. Nursing care for a healthy baby.
6. Illegal operations or drugs.

7. Travel your doctor told you to take for rest or change.
8. Cosmetic Surgery.
9. Long-term care expenses.

Qualifying medical expenses include only those expenses incurred for:

1. Yourself.
2. Your spouse.
3. All dependents you list on your federal tax return.
4. Any person that you could have listed as a dependent on your return if that person had not received \$2,450 or more of gross income or had not filed a joint return. This amount is adjusted each year for cost of living.

IRS Publication 502, Medical and Dental Expenses, has a checklist of medical expenses that can be deducted and therefore reimbursed under this Plan, and those that cannot.

QUALIFYING DEPENDENT CARE EXPENSES

Under the Plan you will be reimbursed only for dependent care expenses meeting all of the following conditions:

1. The expenses are incurred for services rendered after the date of this election and during the Plan Year to which it applies.
2. Each individual for whom you incur the expenses is:
 - (i) a dependent under age 13 whom you are entitled to claim as a dependent (or a child or other dependent under age 13 whom you are supporting but are not entitled to claim as a dependent only because of a written declaration or decree of divorce) on your federal income tax return, or
 - (ii) a spouse or other tax dependent (or a child you are supporting but are not entitled to claim as a dependent only because of a written declaration or decree of divorce) who is physically or mentally incapable of caring for himself or herself.
3. The expenses are incurred for the care of a dependent described above, or for related household services, and are incurred to enable you to be gainfully employed.
4. If the expenses are incurred for services outside your household, they are incurred for the care of a dependent who is described in 2(i) above, or who regularly spends at least 8 hours per day in your household.
5. If the expenses are incurred for services provided by a dependent care center (i.e., a facility that provides care for more than six individuals not residing at the facility), the center complies with all applicable state and local laws and regulations.
6. The expenses are not paid or payable to a child of yours who is under age 19 at the end of the year in which the expenses are incurred.
7. The expenses are not paid or payable to an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.