SOLICITATION/AWARD

OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24, & 30

1. REQUISITION NUMBER: ASBCC-13-00895

PAGE 1 OF 132

2. CONTRACT NO: CORHQ-13-C-0148

3. AWARD/EFFECTIVE DATE: 01/01/2014

4. ORDER NUMBER:

5. SOLICITATION NUMBER: CORHQ-13-R-0069

6. SOLICITATION ISSUE DATE: 04/24/2013

7. FOR SOLICITATION INFORMATION CALL: a. NAME

6. TELEPHONE NUMBER: 703-562-2598

marcebrown@fdic.gov

8. OFFER DUE DATE/ LOCAL TIME

9. ISSUED BY — CODE

Federal Deposit Insurance Corporation
DOA/ASB
3501 Fairfax Drive
Arlington, VA 22226

10. SOCIO-ECONOMIC STATUS

[X] NO [ ] YES

NAICS: 541612

ETHNICITY:

[ ] SDB

[ ] MWOB

[ ] SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS

11. DELIVERY FOR FOB DESTINATION UNLESS BLOCK IS MARKED

[ ] SEE SCHEDULE

12. DISCOUNT TERMS

[ ] 13a. SUB-CONTRACTING PERMITTED/APPROVED

13b. N/A

14. METHOD OF SOLICITATION

[ ] RFQ [ ] RFI [X] RFP Best Value [ ] RFP Price only

15. DELIVER TO — CODE

Louise Murrill-Graves

16. ADMINISTERED BY — CODE

James Thompson
703-562-2593

(b)(6)

17a. CONTRACTOR/ OFFEROR — CODE 0000000537 — FACILITY CODE

BENEFIT AL-001, BENEFIT ALLOCATION SYSTEMS, INC, 132 IVY LANE, KING OF PRUSSIA, PA 19406-2145

TELEPHONE NO.

[ ] 17b. CHECK IF REMITTANCE IS DIFFERENT AND PUT SUCH ADDRESS IN OFFER

18a. PAYMENT WILL BE MADE BY — CODE

Federal Deposit Insurance Corporation
DOF/AP

DOFAPINVOICE@FDIC.gov

18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BLOCK BELOW IS CHECKED [ ] SEE ADDENDUM

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
0001	Benefits Administrator	1	EA		$11,488,954.00
	(Use Reverse and/or Attach Additional Sheets as Necessary)				

25. N/A

26. TOTAL AWARD AMOUNT (For Govt. Use Only): $11,488,954.00

27a. SOLICITATION INCLUDES ATTACHMENTS [ ] YES [ ] NO

27b. AWARD INCLUDES ATTACHMENTS [ ] YES [ ] NO

(b)(6)

[ ] 28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN ____ COPIES TO ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED

[ ] 29. AWARD OF CONTRACT: REF. ____ OFFER

YOUR OFFER ON SOLICITATION (BLOCK 5), INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN, IS ACCEPTED AS TO ITEMS:

30

30b. NAME AND TITLE OF SIGNER (Type or print): Arthur S. Taylor

30c. DATE SIGNED: 8-1-13

31b. NAME OF CONTRACTING OFFICER (Type or print): Marcelle C. Brown

31c. DATE SIGNED: 08/01/2013

FDIC 3700/56 (3-08)

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT

32a. QUANTITY IN COLUMN 21 HAS BEEN

☐ RECEIVED ☐ INSPECTED ☐ ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED:

32b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE

32c. DATE

32d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE

32e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE

32f. TELPHONE NUMBER OF AUTHORZED GOVERNMENT REPRESENTATIVE

32g. E-MAIL OF AUTHORIZED GOVERNMENT REPRESENTATIVE

33. SHIP NUMBER

☐ PARTIAL ☐ FINAL

34. VOUCHER NUMBER

35. AMOUNT VERIFIED CORRECT FOR

36. PAYMENT

☐ COMPLETE ☐ PARTIAL ☐ FINAL

37. CHECK NUMBER

38. S/R ACCOUNT NO.

39. S/R VOUCHER NUMBER

40. PAID BY

41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT

41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER

41c. DATE

42a. RECEIVED BY *(Print)*

42b. RECEIVED AT *(Location)*

42c. DATE REC'D *(YY/MM/DD)*

42d. TOTAL CONTAINERS

Section B - Supplies or Services and Prices/Costs

Attachments for this section start after this page.

PROPOSAL COVER PAGE

Volume III – Pricing Proposal

Firm's Name:	**Benefit Allocation Systems, Inc.**
Contact Person:	**Arthur S. Taylor, President**
Address:	**132 Ivy Lane** **P.O. Box 62407** **King of Prussia, Pennsylvania 19406**
Telephone:	**(610) 992-2500**
Facsimile:	**(610) 992-2501**
Taxpayer I.D. Number:	**23-2635985**
RFP Number:	**CORHQ-13-R-0069**
Proposal Volume:	**II – Pricing Proposal**
Date Submitted:	**May 23, 2013**
Proposal Due Date:	**May 29, 2013**

Table of Contents

Attach B – 1 Price Schedule

Summary

Third Party Administrator Services
(Employee Benefits and Training Programs)

The Third Party Administrator Services contract shall contain a "transition period" from August 1, 2013 through December 31, 2013, in which there will be two contracts in operation. The "transition period" is necessary to coordinate the "start-up" processes if the contract is awarded to a new vendor. During the "transition period", the existing contractor will continue to provide employee benefits administration services that include online enrollment processes and a myriad of administrative support services, in addition to transferring data necessary for "start-up" in the event that the contract is awarded to a new vendor.

The fully-operational Period of Performance for a three-year base contract shall commence on January 1, 2014 and end on December 31, 2016. The contract shall also contain two (2) one-year option periods for a possible extension by FDIC through December 31, 2018.

CLIN	DESCRIPTION	
0001	Start-Up Costs for New Vendor During Transition Period (August 1, 2013 – December 31, 2013) Proposed "transitional" costs will cover expenses incurred for: • Travel expenses (transportation, lodging) for site visits to FDIC Headquarters and the National Finance Center, as necessary • Vendor staff labor costs for systems development/programming and implementation of administrative services • Communications	
	Total proposed fixed price for this period	$ 0.00

CLIN	DESCRIPTION	
0002	Period of Performance January 1, 2014 – December 31, 2016 The total proposed cost to fund a new contract for employee benefits and training programs for the three year base period.	
0002A	Benefits Program See Appendix A	$ 5,628,927.45
0002B	Professional Learning Accounts See Appendix C	$ 531,360.00

CLIN	DESCRIPTION	
0003	First One-Year Option Period (January 1, 2017 – December 31, 2017) The total proposed cost to fund a new contract for employee benefits **and** training programs for the first one-year option period.	
0003A	Benefits Program Administration See Appendix B	$ 1,928,932.72
0003B	Professional Learning Accounts See Appendix C	$ 181,840.00

CLIN	DESCRIPTION	
0004	Second One-Year Option Period (January 1. 2018 December 31, 2018) The total proposed cost to fund a new contract for employee benefits **and** training programs for the second one-year option period.	
0004A	Benefits Program Administration See Appendix B	$ 1,954,967.38
0004B	Professional Learning Accounts See Appendix C	$ 183,964.00

DESCRIPTION	**TOTAL PRICE**
The total proposed price for this requirement including transitional period, three-year base period and two one-year option periods (if exercised).	$ 10,409,991.55

APPENDIX A

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(EMPLOYEE BENEFITS PROGRAMS)

COST ESTIMATE FOR BASE YEAR ONE(1) (1/1/2014 – 12/31/2014)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2014	(C) Proposed Annual Cost (A*B) * 12
Section 125 Cafeteria Plan Administration – Actives	7700	7.40	683,760
Benefits Hotline Call Center – Actives	7700	3.95	364,980
Evidence of Insurability Processing	200	7.00	16,800
Retiree & Surviving Dependent Database Administration	4000	3.65	175,200
Benefits Hotline Call Center – Retirees & Surviving Dependents	4000	3.95	189,600
Dental/Vision ID Card Preparation and Issuance	175	4.70	9,870
Flexible Spending Account Administration			
✓ Health Care	2800	4.60	154,560
✓ Dependent Care	80	4.60	4,416
✓ Health & Dependent	325	5.00	19,500
✓ Parking	30	4.50	1,620
Domestic Partner Processing	180	1.00	2,160
Retiree Dental Billing – Retirees & Surviving Dependents	3500	3.75	157,500
Health Benefits Premium Reimbursement/ Retirees	775	2.00	18,600
Monthly Meeting Travel Expenses	N/A	N/A	20,000
Modifications/Special Services	N/A	N/A	30,000
Total Proposed Cost for Base Period Year One (1)			**$ 1,848,566**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated.

APPENDIX A (CONT)

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(EMPLOYEE BENEFITS PROGRAMS)

COST ESTIMATE FOR BASE YEAR TWO (2) (1/1/2015 – 12/31/2015)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2015	(C) Proposed Annual Cost (A*B) * 12
Section 125 Cafeteria Plan Administration – Actives	7700	7.51	693,924.00
Benefits Hotline Call Center – Actives	7700	4.01	370,524.00
Evidence of Insurability Processing	200	7.11	17,064.00
Retiree & Surviving Dependent Database Administration	4000	3.70	177,600.00
Benefits Hotline Call Center – Retirees & Surviving Dependents	4000	4.01	192,480.00
Dental/Vision ID Card Preparation and Issuance	175	4.77	10,017.00
Flexible Spending Account Administration			
✓ Health Care	2800	4.67	156,912.00
✓ Dependent Care	80	4.67	4,483.20
✓ Health & Dependent	325	5.08	19,812.00
✓ Parking	30	4.57	1,645.20
Domestic Partner Processing	180	1.02	2,203.20
Retiree Dental Billing – Retirees & Surviving Dependents	3500	3.81	160,020.00
Health Benefits Premium Reimbursement/ Retirees	775	2.03	18,879.00
Monthly Meeting Travel Expenses	N/A	N/A	20,300.00
Modifications/Special Services	N/A	N/A	30,450.00
Total Proposed Cost for Base Period Year Two (2)			**$ 1,876,313.60**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated

APPENDIX A (CONT)

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(EMPLOYEE BENEFITS PROGRAMS)

COST ESTIMATE FOR BASE YEAR THREE (3) (1/1/2016 – 12/31/2016)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2016	(C) Proposed Annual Cost (A*B) * 12
Section 125 Cafeteria Plan Administration - Actives	7700	7.62	704,088.00
Benefits Hotline Call Center – Actives	7700	4.07	376,068.00
Evidence of Insurability Processing	200	7.21	17,304.00
Retiree & Surviving Dependent Database Administration	4000	3.76	180,480.00
Benefits Hotline Call Center – Retirees & Surviving Dependents	4000	4.07	195,360.00
Dental/Vision ID Card Preparation and Issuance	175	4.84	10,164.00
Flexible Spending Account Administration			
✓ Health Care	2800	4.74	159,264.00
✓ Dependent Care	80	4.74	4,550.40
✓ Health & Dependent	325	5.15	20,085.00
✓ Parking	30	4.64	1,670.40
Retiree Dental Billing – Retirees & Surviving Dependents	3500	3.86	162,120.00
Health Benefits Premium Reimbursement/ Retirees	775	2.06	19,158.00
Monthly Meeting Travel Expenses	N/A	N/A	20,604.50
Modifications/Special Services	N/A	N/A	30,906.75
Total Proposed Cost for Base Period Year Three (3)			**$ 1,904,047.85***

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated.

*Note: It appears the grid above mistakenly omitted a row for "Domestic Partner Processing" pricing since all other base and option year grid templates include the line item. Therefore, our price will be $1.03. We included this price for 180 participants annualized -- 2,224.80 -- in the Total Proposed Cost for Base Period Year Three.

APPENDIX B

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(EMPLOYEE BENEFITS PROGRAMS)

COST ESTIMATE FOR FIRST OPTION YEAR (1/1/2017 – 12/31/2017)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2017	Proposed Annual Cost (A*B) * 12 2017	Total Cost First Option Year
Section 125 Cafeteria Plan Administration - Actives	7500	7.74	696,600.00	696,600.00
Benefits Hotline Call Center – Actives	7500	4.13	371,700.00	371,700.00
Evidence of Insurability Processing	200	7.32	17,568.00	17,568.00
Retiree & Surviving Spouse Database Administration	4200	3.82	192,528.00	192,528.00
Benefits Hotline Call Center – Retirees & Surviving Dependents	4200	4.13	208,152.00	208,152.00
Dental/Vision ID Card Preparation and Issuance	175	4.91	10,311.00	10,311.00
Flexible Spending Account Administration				
✓ Health Care	2800	4.81	161,616.00	161,616.00
✓ Dependent Care	85	4.81	4,906.20	4,906.20
✓ Health & Dependent	325	5.23	20,397.00	20,397.00
✓ Parking	30	4.71	1,695.60	1,695.60
Domestic Partner Processing	190	1.05	2,394.00	2,394.00
Retiree Dental Billing – Retirees & Surviving Dependents	3600	3.92	169,344.00	169,344.00
Health Benefits Premium Reimbursement/ Retirees	775	2.09	19,437.00	19,437.00
Monthly Meeting Travel Expenses	N/A	N/A	20,913.57	20,913.57
Modifications/Special Services	N/A	N/A	31,370.35	31,370.35
Total Proposed Cost for First Option Year			1,928,932.72	**$ 1,928,932.72**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated

APPENDIX B (CONT)

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(EMPLOYEE BENEFITS PROGRAMS)

COST ESTIMATE FOR THE SECOND OPTION YEAR (1/1/2018 – 12/31/2018)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2018	Proposed Annual Cost (A*B) * 12 2018	Total Cost Second Option Year
Section 125 Cafeteria Plan Administration - Actives	7500	7.85	706,500.00	706,500.00
Benefits Hotline Call Center – Actives	7500	4.19	377,100.00	377,100.00
Evidence of Insurability Processing	200	7.43	17,832.00	17,832.00
Retiree & Surviving Spouse Database Administration	4200	3.87	195,048.00	195,048.00
Benefits Hotline Call Center – Retirees & Surviving Dependents	4200	4.19	211,176.00	211,176.00
Dental/Vision ID Card Preparation and Issuance	175	4.99	8,799.00	8,799.00
Flexible Spending Account Administration				
✓ Health Care	2800	4.88	163,968.00	163,968.00
✓ Dependent Care	85	4.88	4,977.60	4,977.60
✓ Health & Dependent	325	5.31	20,709.00	20,709.00
✓ Parking	30	4.78	1,720.80	1,720.80
Domestic Partner Processing	190	1.06	2,416.80	2,416.80
Retiree Dental Billing – Retirees & Surviving Dependents	3600	3.98	171,936.00	171,936.00
Health Benefits Premium Reimbursement/ Retirees	775	2.12	19,716.00	19,716.00
Monthly Meeting Travel Expenses	N/A	N/A	21,227.27	21,227.27
Modifications/Special Services	N/A	N/A	31,840.91	31,840.91
Total Proposed Cost for Second Option Year			$ 1,954,967.38	**$ 1,954,967.38**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated

APPENDIX C

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(PROFESSIONAL LEARNING ACCOUNTS PROGRAM)

PROPOSED COST FOR BASE PERIOD YEAR ONE (1) (1/1/2014 – 12/31/2014)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2014	(C) Proposed Annual Cost (A*B) * 12
Professional Learning Accounts Administration	5900	2.20	155,760.00
Modifications/Special Services	N/A	N/A	13,000.00
Quarterly Meeting Travel Expenses	N/A	N/A	6,000.00
Total Proposed Cost for Base Period Year One (1)			**$ 174,760.00**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated

PROPOSED COST FOR BASE PERIOD YEAR TWO (2) (1/1/2015 – 12/31/2015)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2015	(C) Proposed Annual Cost (A*B) * 12
Professional Learning Accounts Administration	5900	2.23	157,884.00
Modifications/Special Services	N/A	N/A	13,000.00
Quarterly Meeting Travel Expenses	N/A	N/A	6,000.00
Total Proposed Cost for Base Period Year Two (2)			**$ 176,884.00**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated

APPENDIX C (CONT)

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(PROFESSIONAL LEARNING ACCOUNTS PROGRAM)

PROPOSED COST FOR BASE PERIOD YEAR THREE (3) (1/1/2016 – 12/31/2016)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2016	(C) Proposed Annual Cost (A*B) * 12
Professional Learning Accounts Administration	5900	2.27	160,716.00
Modifications/Special Services	N/A	N/A	13,000.00
Quarterly Meeting Travel Expenses	N/A	N/A	6,000.00
Total Proposed Cost for Base Period Year Three (3)			179,716.00

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated

PROPOSED COSTS FOR FIRST OPTION YEAR /1/2017 – 12/31/2017)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2017	Proposed Annual Cost (A*B) * 12 2017
Professional Learning Accounts Administration	5900	2.30	162,840.00
Modifications/Special Services	N/A	N/A	13,000.00
Quarterly Meeting Travel Expenses	N/A	N/A	6,000.00
Total Proposed Cost for First Option Year			**$ 181,840.00**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated.

APPENDIX C (CONT)

FDIC THIRD PARTY ADMINISTRATOR SERVICES
(PROFESSIONAL LEARNING ACCOUNTS PROGRAM)

PROPOSED COST FOR SECOND OPTION YEAR (1/1/2018 – 12/31/2018)

Service Description	(A) Participant Count/ Quantity	(B) Per Participant Cost (Monthly) 2018	Proposed Annual Cost (A*B) * 12 2018
Professional Learning Accounts Administration	5900	2.33	164,964.00
Modifications/Special Services	N/A	N/A	13,000.00
Quarterly Meeting Travel Expenses	N/A	N/A	6,000.00
Total Proposed Cost for Second Option Year			**$ 183,964.00**

Participant quantities identified above are estimates, the approved fixed unit prices will be applicable regardless of the quantity and actual quantities may be higher or lower than estimated.

**BENEFIT ALLOCATION SYSTEMS, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES

King of Prussia, Pennsylvania

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2012 and 2011

CONTENTS

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Stockholders
Benefit Allocation Systems, Inc.
King of Prussia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Benefit Allocation Systems, Inc., which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- Continued -

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Benefit Allocation Systems, Inc. as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and statements of operations are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

(b)(6)

Crowe Horwath LLP

Indianapolis, Indiana
February 28, 2013

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 158,373	$ 251,186
Accounts receivable	473,218	269,186
Prepaid expenses	130,737	112,940
Total current assets before funds held for clients	762,328	633,312
Funds held for clients	3,902,998	4,012,308
	4,665,326	4,645,620
Property and equipment, net	889,756	806,840
Other assets	17,990	17,990
	$ 5,573,072	$ 5,470,450
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 158,474	$ 135,134
Deferred revenue	116,817	96,988
Current portion of capitalized lease obligation	106,629	39,807
Current portion of long-term debt	346,616	376,332
Total current liabilities before client funds obligations	728,536	648,261
Client funds obligations	3,900,511	4,002,435
	4,629,047	4,650,696
Deferred rent expense	8,207	31,875
Capitalized lease obligation, net of current portion	248,115	122,973
Long-term debt, net of current portion	252,350	258,350
	5,137,719	5,063,894
Commitments and contingencies (Notes 3, 4, 5, 6, and 7)		
Stockholders' Equity	435,353	406,556
	$ 5,573,072	$ 5,470,450

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2012	2011
Revenue		
Fees	$ 7,471,024	$ 7,351,674
Expenses		
Payroll expense	5,415,214	5,113,340
Selling general & administrative expenses	543,971	507,684
Depreciation and amortization	293,460	276,741
Repairs and maintenance expense	245,612	308,288
Professional fees	198,384	423,138
Telephone expense	157,687	140,185
Rent expense	137,760	140,360
Advertising expense	106,562	118,094
Insurance expense	97,987	71,864
Auto expense	69,616	68,478
Taxes	38,337	36,683
Utilities	38,046	34,473
Producer fees	35,971	64,573
Bank service charges	703	828
	7,379,310	7,304,729
Income from operations	91,714	46,945
Other income (expense)		
Interest income	-	48
Interest expense	(47,313)	(40,346)
Net income	$ 44,401	$ 6,647

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Years ended December 31, 2012 and 2011

	Common Stock						
	Number of shares		Amount		Retained earnings		Stockholders' equity
Balance, January 1, 2011	14	$	20,000	$	461,064	$	481,064
Stockholders' distribution	-		-		(81,155)		(81,155)
Net income, year ended December 31, 2011	-		-		6,647		6,647
Balance at December 31, 2011	14	$	20,000	$	386,556	$	406,556
Stockholders' distribution	-		-		(15,604)		(15,604)
Net income, year ended December 31, 2012	-		-		44,401		44,401
Balance at December 31, 2012	14	$	20,000	$	415,353	$	435,353

Common Stock, no par value; 1,000 shares authorized; 14 shares issued and outstanding, stated at $20,000

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011

	Year ended December 31,	
	2012	2011
Cash flows from operating activities		
Net income	$ 44,401	$ 6,647
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	293,460	276,741
Changes in operating assets and liabilities		
Accounts receivable	(204,032)	218,662
Prepaid expenses	(17,797)	(56,102)
Funds held for clients	109,310	(74,352)
Accounts payable	23,340	30,452
Deferred revenue	19,829	(4,460)
Client fund obligations	(101,924)	71,111
Deferred rent	(23,668)	945
Net cash provided by operating activities	142,919	469,644
Cash flows used in investing activity		
Purchases of property and equipment	(94,450)	(225,235)
Cash flows from financing activities		
Repayment of capitalized lease obligation	(89,962)	(34,237)
Stockholders' distribution	(15,604)	(81,155)
Proceeds from new borrowings	-	90,783
Repayment of outstanding notes	(35,716)	(33,500)
Net cash used in financing activities	(141,282)	(58,109)
Net (decrease) increase in cash and cash equivalents	(92,813)	186,300
Cash and cash equivalents, beginning of year	251,186	64,886
Cash and cash equivalents, end of year	$ 158,373	$ 251,186
Supplemental disclosure of cash flow information		
Interest paid	$ 47,313	$ 40,346
Taxes paid	$ 19,442	$ 24,175
Property and equipment purchased subject to capitalized lease obligations	$ 281,926	$ -

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business

Benefit Allocation Systems, Inc. (the "Company") is a company dedicated to the development and support of its proprietary MyEnroll.com web-based employee benefits administration tool for processing employee benefit plan enrollments, insurance premium and expense allocation billing, COBRA/HIPAA notice processing and premium billing/collection/remittance, flexible spending account claims administration, health reimbursement account claims administration, and learning account expense administration.

The Company provides MyEnroll.com a "Software-as-a-Service (SaaS)" that includes administrative support services for its clients to off-load to the Company its administrative processing, electronic data interchanges with insurers and payroll, reporting, and call center services. Cobra Control Services, LLC ("CCS") is a wholly owned subsidiary of the Company and provides COBRA compliance and administration services within the MyEnroll.com offering.

The Company dedicates an important part of its resources to the ongoing development of MyEnroll.com applications and related support services to remain a leading solution for evolving insurance and human resource administration needs for existing and prospective clients. With a clear client-centered focus, the Company has reached a position as a provider of online insurance record keeping and billing services to businesses across most industries located throughout the United States.

Consolidation and basis of preparation

The consolidated financial statements include the financial results of Benefit Allocation Systems, Inc. and its two wholly-owned subsidiaries, one of which is inactive. Intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financials statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reports amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the time of acquisition to be cash equivalents.

Accounts receivable

The Company assesses the collectability of their accounts receivable based primarily on the creditworthiness of the clients as determined by credit checks and analysis, as well as the client's payment history. As of December 31, 2012 and 2011 the Company has no allowance for doubtful accounts.

Property and equipment

Property and equipment are stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Capital leases and leasehold improvements are depreciated or amortized over the shorter of the term of the lease or the estimated useful lives of the assets.

- Continued -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimated useful lives of assets are primarily as follows:

Office equipment & furniture	5 to 7 years
Leasehold improvements	10 years
Computer equipment	3 to 5 years

Concentration of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company deposits cash and cash equivalents with high credit quality financial institutions and is insured to the maximum limitations. Balances in these accounts may exceed federally insured limits at times, which expose the Company to institutional risk.

Revenue recognition

The Company earns revenue from four sources that are fixed and their collectability reasonably assured: (1) Initial Service Year Setup Fees, (2) Renewal Years' Service Fees, (3) Client-employee Monthly Recurring Capitation Fees, and (4) Monthly Invoicing Fees. The Company issues its clients written price quotes and services agreements having stipulated terms and conditions that do not require management to make any significant judgments or assumptions regarding any potential uncertainties.

The Company also earns revenue from one source that is a fixed percentage of premiums collected. This fee, as a percentage of COBRA premiums the Company collects from its clients' COBRA Continuants (COBRA Continuants ongoing enrollment is unknown and may end earlier than the full length of their available coverage period), is set by Federal regulation.

All fees charged by the Company are recognized as revenue at the time they are earned. Upfront advances from customers are recorded as deferred revenue until the time they are earned.

Advertising costs

Advertising costs are expensed as incurred. Advertising costs were $106,562 and $118,094 for the years ended December 31, 2012 and 2011 respectively.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Internal use software

Expenditures for major software purchases and software developed or obtained for internal use are capitalized and amortized over a three-to-five-year period using the straight-line method. For software developed or obtained for internal use, the Company's policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software.

- Continued -

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred. The Company also expenses internal costs related to minor upgrades and enhancements, as it is impractical to separate these costs from normal maintenance activities.

Income Taxes

The Company has elected to be treated as a Subchapter S Corporation for Federal and Pennsylvania income tax purposes. As such no provision or liability is made for federal and state income taxes since such obligations are the responsibility of the individual stockholders.

The income tax returns of the Company are subject to examination by federal and state taxing authorities. Such examination could result in adjustments to net income or loss, which changes could affect the income tax liabilities of the individual stockholders. The Company's tax returns are open to examination for the three years ended December 31, 2012.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following:

	December 31,	
	2012	2011
Computer equipment	$ 833,088	$ 1,276,562
Capital lease equipment	473,390	199,036
Office furniture	155,504	153,967
Phone system	139,241	95,575
Leasehold improvements	29,009	26,749
Exhibit booth	7,195	7,195
	1,637,427	1,759,084
Less: accumulated depreciation and amortization	(747,671)	(952,244)
	$ 889,756	$ 806,840

Depreciation and amortization expense was $293,460 and $276,741 for the years ended December 31, 2012 and 2011, respectively.

NOTE 3 – FUNDS HELD FOR CLIENTS

The Company collects funds from clients for payment of employee benefit services; temporarily holds such funds until payment is due and remits the funds to the clients' employees, insurance providers and others.

- Continued -

NOTE 3 – FUNDS HELD FOR CLIENTS (Continued)

Until April 2011, the Company maintained a portion of its clients' funds in an overnight money market sweep account with a short-term maturity; the Company had the right to receive the interest income from the client funds and the obligation to absorb the losses on client funds if any occurred.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company has an intercompany services agreement with Taylor & Ochroch Inc. ("T&O"), an entity owned by one of the Company's stockholders.

For the year ended December 31, 2011, T&O acted as the common paymaster for both companies for which BAS reimbursed T&O for all payroll expenses for those employees used in BAS related business activities. Under the agreement, BAS and T&O split all general and administrative and rent expenses proportionately based on monthly usage. Beginning January 1, 2012, the Company became the common paymaster for both companies. T&O reimburses the Company for all payroll expenses for those employees used in T&O related business activities. The Company reimburses T&O for employee cars and related insurance expenses incurred relating to the Company's business activities. In addition, T&O is also responsible for all costs related to leasehold improvements. T&O also reimburses the Company a discretionary amount per active participant for its use of the Company's MyEnroll system. For the years ended December 31, 2012 and 2011 T&O reimbursed the Company $421,763 and $443,557, respectively for use of the Company's MyEnroll system. Any extraordinary expense reimbursements are determined as they occur.

For the years ended December 31, 2012 and 2011 the Company did not have any outstanding payments due to T&O.

On November 1, 2003 the Company entered into a lease agreement for office space with Youngsford Associates, a related party. The lease is month to month with no expiration date. Rent expense charged to operations, including escalation charges for real estate taxes and other expenses, amounted to $50,400 and $49,800 for the years ended December 31, 2012 and 2011 respectively.

NOTE 5 – DEBT

The Company's notes payable and other debt consists of the following:

	December 31, 2012	December 31, 2011
Notes payable - stockholders	$ 252,350	$ 258,350
People's Bank revolving loan	346,616	376,332
	598,966	634,682
Less: current portion	(346,616)	(376,332)
Debt, net of current portion	$ 252,350	$ 258,350

- Continued -

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2012 and 2011

NOTE 5 – DEBT (Continued)

Notes payable – stockholders

On December 20, 1996 the Company secured a promissory note from its founder and president, in the amount of $9,000. The note bears interest at 7% per annum and has no due date. As of December 31, 2012 and 2011 the note had an outstanding balance of $9,850 and $9,850, respectively. The note is secured by the assets of the Company. The stockholder has indicated that he will not demand repayment within the year; therefore the note has been classified as long-term.

On December 13, 2001, the Company secured a promissory note from a stockholder, in the amount of $300,000. The note bears interest at 5% per annum and does not have a due date. As of December 31, 2012 and 2011 the note had an outstanding balance of $242,500 and $248,500, respectively. The note is secured by the assets of the Company. The stockholder has indicated that he will not demand repayment within the year; therefore the note has been classified as long-term.

People's Bank revolving loan

On October 25, 2010 the Company entered into a revolving loan agreement with People's Bank for $500,000. Interest is charged at 3.3% per annum and is payable monthly. The loan is due in full immediately upon the lender's demand. As of December 31, 2012 and 2011 the note had an outstanding balance of $346,616 and $376,332, respectively.

NOTE 6 – PENSION PLAN

The Company has established a defined contribution 401(k) Plan (the "401(k) Plan"). Prior to 2012, the 401(k) Plan was sponsored by T&O. Employee contributions to the 401(k) Plan are made through pre-tax payroll reductions. Employees of the Company who are age 21 or older and have completed 6 months of eligibility service (or 1000 hours of service in a year) are eligible to participant in the 401(k) Plan. Participants may contribute a dollar amount or percentage of compensation to the Plan, up to the dollar limit allowed under the Internal Revenue Code. The Company has historically made a discretionary matching contribution to the 401(k) Plan equal to 100% of the first 2.5% of employee contributions made to the Plan. For the years ended December 31, 2011 and 2012, the Company has recorded discretionary matching contributions of $52,584 and $63,319, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Capitalized leases

On April 15, 2010, the Company entered into a lease agreement for a telephone system. The lease is for 60 months with payments of $3,578 per month. The Company has the option to purchase the telephone system at the end of the lease for $1; as such the lease has been accounted for as a capital lease. The gross amount of the capitalized leased telephone system included in fixed assets was $199,036. Accumulated amortization on the telephone lease as of December 31, 2012 and 2011 was $104,494 and $64,687, respectively.

On May 22, 2012, the Company entered into a lease agreement for a computer server. The lease is for 48 months with payments of $6,441 per month. The term of the lease exceeds 75% of the server's useful life; as such the lease has been accounted for as a capital lease. The amount of the capitalized leased server included in fixed assets as of December 31, 2012 was $281,926. The amount of accumulated amortization related to the server was $32,904 as of December 31, 2012.

- Continued -

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

Required minimum lease payments, including interest, on the capitalized leases are as follows:

Year ending December 31,		
2013	$	120,225
2014		120,225
2015		113,070
2016 and thereafter		27,435
		380,955
Less: amount representing interest at weighted average effective rate of 4.5%		(26,211)
Present value of minimum lease payments	$	354,744

Total capital leases included as fixed assets for years ended December 31, 2012 and 2011, were $473,390 and $199,036, respectively. Total accumulated amortization on the capital leases were $64,687 and $137,398, respectively. Amortization expense related to the capitalized leases for the years ended December 31, 2012 and 2011 was $72,711 and $39,807, respectively.

Office lease

On March 4, 2010, the Company entered into a three year lease for office space consisting of 5,681 square feet in King of Prussia, Pennsylvania with a lease commencement date of May 1, 2010. The lease expires April 30, 2013. As of the date on which the consolidated financial statements were available to be issued, the Company has not renewed the lease or entered into a new lease agreement.

The aggregate minimum future payments under the office lease as of December 31, 2012 are as follows:

Year ending December 31,		
2013	$	36,927
2014 and thereafter		-
	$	36,927

Rent expense related to the office space charged to operations was $86,162 and $86,162 for the years ended December 31, 2012 and 2011, respectively.

Concentrations

During the years ended December 31, 2012 and 2011 the Company had one client who represented 27% and 27% of total revenue, respectively.

During the years ended December 31, 2012 and 2011 the Company had one client who represented 31% and 32% of accounts receivable, respectively.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 28, 2013, the date on which the consolidated financial statements were available to be issued. The Company has determined that there are no material subsequent events that would require disclosure in the financial statements through this date.

CONSOLIDATING INFORMATION

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2012

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
ASSETS				
Current assets				
Cash and cash equivalents	$ 138,293	$ 20,080	$ -	$ 158,373
Investment in subsidiary	29,184	-	(29,184)	-
Accounts receivable	387,129	86,089		473,218
Prepaid expenses	130,737	-	-	130,737
Total current assets before funds held for clients	685,343	106,169	(29,184)	762,328
Funds held for clients	2,249,847	1,653,151	-	3,902,998
	2,935,190	1,759,320	(29,184)	4,665,326
Property and equipment, net	889,756	-	-	889,756
Other assets	17,990	-	-	17,990
	$ 3,842,936	$ 1,759,320	$ (29,184)	$ 5,573,072
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 158,474	$ -	$ -	$ 158,474
Deferred revenue	96,784	20,033	-	116,817
Current portion of capitalized lease obligation	106,629	-	-	106,629
Current portion of long-term debt	346,616	-	-	346,616
Total current liabilities before client funds obligations	708,503	20,033	-	728,536
Client funds obligations	2,247,360	1,653,151	-	3,900,511
	2,955,863	1,673,184	-	4,629,047
Deferred rent expense	8,207	-	-	8,207
Capitalized lease obligation, net of current portion	248,115	-	-	248,115
Long-term debt, net of current portion	252,350	-	-	252,350
	3,464,535	1,673,184	-	5,137,719
Stockholders' Equity	378,401	86,136	(29,184)	435,353
	$ 3,842,936	$ 1,759,320	$ (29,184)	$ 5,573,072

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2011

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
ASSETS				
Current assets				
Cash and cash equivalents	$ 213,108	$ 38,078	$ -	$ 251,186
Investment in subsidiary	29,184	-	(29,184)	-
Accounts receivable	192,258	76,928	-	269,186
Prepaid expenses	112,940	-	-	112,940
Total current assets before funds held for clients	547,490	115,006	(29,184)	633,312
Funds held for clients	2,402,347	1,609,961	-	4,012,308
	2,949,837	1,724,967	(29,184)	4,645,620
Property and equipment, net	806,840	-	-	806,840
Other assets	17,990	-	-	17,990
	$ 3,774,667	$ 1,724,967	$ (29,184)	$ 5,470,450
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 135,134	$ -	$ -	$ 135,134
Deferred revenue	92,756	4,232	-	96,988
Current portion of capitalized lease obligation	39,807	-	-	39,807
Current portion of long-term debt	376,332	-	-	376,332
Total current liabilities before client funds obligations	644,029	4,232	-	648,261
Client funds obligations	2,392,474	1,609,961	-	4,002,435
	3,036,503	1,614,193	-	4,650,696
Deferred rent expense	31,875	-	-	31,875
Capitalized lease obligation, net of current portion	122,973	-	-	122,973
Long-term debt, net of current portion	258,350	-	-	258,350
	3,449,701	1,614,193	-	5,063,894
Stockholders' Equity	324,966	110,774	(29,184)	406,556
	$ 3,774,667	$ 1,724,967	$ (29,184)	$ 5,470,450

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
Revenue				
Fees	$ 6,325,567	$ 1,145,457	$ -	$ 7,471,024
Expenses				
Payroll expense	5,415,214	409,924	(409,924)	5,415,214
CCS expense	(1,051,372)	-	1,051,372	-
Selling general & administrative expenses	543,103	642,316	(641,448)	543,971
Depreciation and amortization	293,460	-	-	293,460
Repairs and maintenance expense	245,612	-	-	245,612
Professional fees	191,095	7,289	-	198,384
Telephone expense	157,687	-	-	157,687
Rent expense	137,760	-	-	137,760
Advertising expense	106,562	-	-	106,562
Insurance expense	97,987	-	-	97,987
Auto expense	69,616	-	-	69,616
Taxes	38,337	-	-	38,337
Utilities	38,046	-	-	38,046
Producer fees	35,971	-	-	35,971
Bank service charges	703	-	-	703
	6,319,781	1,059,529	-	7,379,310
Income from operations	5,786	85,928	-	91,714
Other income (expense)				
Interest income	-	-	-	-
Interest expense	(47,313)	-	-	(47,313)
Net income	$ (41,527)	$ 85,928	$ -	$ 44,401

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
Revenue				
Fees	$ 6,191,917	$ 1,159,757	$ -	$ 7,351,674
Expenses				
Payroll expense	5,113,340	314,494	(314,494)	5,113,340
CCS expense	(1,011,592)	-	1,011,592	-
Selling general & administrative expenses	507,684	697,098	(697,098)	507,684
Professional fees	403,212	19,926	-	423,138
Repairs and maintenance expense	308,288	-	-	308,288
Depreciation and amortization	276,741	-	-	276,741
Rent expense	140,360	-	-	140,360
Telephone expense	140,185	-	-	140,185
Advertising expense	118,094	-	-	118,094
Insurance expense	71,864	-	-	71,864
Auto expense	68,478	-	-	68,478
Producer fees	64,573	-	-	64,573
Taxes	36,683	-	-	36,683
Utilities	34,473	-	-	34,473
Bank service charges	828	-	-	828
	6,273,211	1,031,518	-	7,304,729
(Loss) income from operations	(81,294)	128,239	-	46,945
Other income (expense)				
Interest income	-	48	-	48
Interest expense	(40,346)	-	-	(40,346)
Net (loss) income	$ (121,640)	$ 128,287	$ -	$ 6,647

See accompanying notes to consolidated financial statements

CORHQ-13-C-0148

BENEFIT ALLOCATION SYSTEMS, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
King of Prussia, Pennsylvania

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

CONTENTS

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Stockholders
Benefit Allocation Systems, Inc.
King of Prussia, Pennsylvania

We have audited the accompanying consolidated balance sheets of Benefit Allocation Systems, Inc. (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Benefit Allocation Systems, Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling other information directly to the underlying accounting and such records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

(b)(6)

Crowe Horwath LLP

New York, New York
April 6, 2012

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2011	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 251,186	$ 64,886
Accounts receivable	269,186	487,848
Prepaid expenses	112,940	56,838
Total current assets before funds held for clients	633,312	609,572
Funds held for clients	4,012,308	3,937,956
	4,645,620	4,547,528
Property and equipment, net	806,840	858,346
Other assets	17,990	17,990
	$ 5,470,450	$ 5,423,864
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 135,134	$ 104,682
Deferred revenue	96,988	101,448
Current portion of capitalized lease obligation	39,807	39,807
Current portion of long-term debt	376,332	315,549
Total current liabilities before client funds obligations	648,261	561,486
Client funds obligations	4,002,435	3,931,324
	4,650,696	4,492,810
Deferred rent expense	31,875	30,930
Capitalized lease obligation, net of current portion	122,973	157,210
Long-term debt, net of current portion	258,350	261,850
	5,063,894	4,942,800
Commitments and contingencies (Notes 3, 4, 5, 6, and 7)		
Stockholders' Equity	406,556	481,064
	$ 5,470,450	$ 5,423,864

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2011	2010
Revenue		
Fees	$ 7,351,674	$ 6,414,680
Expenses		
Payroll expense	5,113,340	3,953,445
Selling general & administrative expenses	507,684	520,884
Professional fees	423,138	486,823
Repairs and maintenance expense	308,288	155,715
Depreciation and amortization	276,741	285,345
Rent expense	140,360	92,629
Telephone expense	140,185	146,614
Advertising expense	118,094	76,921
Insurance expense	71,864	49,725
Auto expense	68,478	77,302
Producer fees	64,573	78,765
Taxes	36,683	12,489
Utilities	34,473	34,582
Bank service charges	828	1,105
	7,304,729	5,972,344
Income from operations	46,945	442,336
Other income (expense)		
Interest income	48	128
Interest expense	(40,346)	(35,376)
Net income	$ 6,647	$ 407,088

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Years ended December 31, 2011 and 2010

	Common Stock			
	Number of shares	Amount	Retained earnings	Stockholders' equity
Balance, January 1, 2010	14	$ 20,000	$ 72,243	$ 92,243
Stockholders' distribution	-	-	(18,267)	(18,267)
Net income, year ended December 31, 2010	-	-	407,088	407,088
Balance at December 31, 2010	14	$ 20,000	$ 461,064	$ 481,064
Stockholders' distribution	-	-	(81,155)	(81,155)
Net income, year ended December 31, 2011	-	-	6,647	6,647
Balance at December 31, 2011	14	$ 20,000	$ 386,556	$ 406,556

Common Stock, no par value;
1,000 shares authorized;
14 shares issued and outstanding, stated at $20,000

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2011 and 2010

	Year ended December 31, 2011	Year ended December 31, 2010
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Net income	$ 6,647	$ 407,088
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	276,741	285,345
Changes in operating assets and liabilities		
Accounts receivable	218,662	(262,576)
Prepaid expenses	(56,102)	(46,991)
Funds held for clients	(74,352)	(1,625,386)
Other assets	-	(17,990)
Accounts payable	30,452	32,399
Deferred revenue	(4,460)	20,669
Client fund obligations	71,111	1,622,386
Deferred rent	945	30,930
Net cash provided by operating activities	469,644	445,874
Cash flows used in investing activity		
Purchases of property and equipment	(225,235)	(528,538)
Cash flows from financing activities		
Repayment of capitalized lease obligation	(34,237)	(2,019)
Stockholders' distribution	(81,155)	(18,267)
Proceeds from new borrowings	90,783	315,549
Repayment of outstanding notes	(33,500)	(302,791)
Net cash used in financing activities	(58,109)	(7,528)
Net increase (decrease) in cash and cash equivalents	186,300	(90,192)
Cash and cash equivalents, beginning of year	64,886	155,078
Cash and cash equivalents, end of year	$ 251,186	$ 64,886
Supplemental disclosure of cash flow information		
Interest paid	$ 40,346	$ 35,376
Taxes paid	$ 24,175	$ 12,489
Property and equipment purchased subject to capitalized lease obligations	$ -	$ 199,036

See accompanying notes to consolidated financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business

Benefit Allocation Systems, Inc., ("BAS") is a company dedicated to the development and support of its proprietary MyEnroll.com web-based employee benefits administration tool for processing benefit plan enrollment; COBRA/HIPAA compliance; and Flexible Spending Account (FSA), Health Reimbursement Account (HRA) and Professional Learning Account administration.

BAS provides MyEnroll.com a "Software-as-a-Service (SaaS)" that includes administrative support services for its clients to off-load to BAS its administrative processing, electronic data interchanges with insurers and payroll, reporting, and call center services. Cobra Control Services, LLC ("CCS") is a wholly owned subsidiary of BAS and provides COBRA compliance and administration services within the MyEnroll.com offering.

BAS dedicates an important part of its resources to the ongoing development of MyEnroll.com applications and related support services to remain a leading solution for evolving insurance and human resource administration needs for existing and prospective clients. With a clear client-centered focus, BAS has reached a position as a provider of online insurance record keeping and billing services to businesses across most industries located throughout the United States.

Consolidation and basis of preparation

The consolidated financial statements include the financial results of Benefit Allocation Systems, Inc. and its two wholly-owned subsidiaries, one of which is inactive (the "Company"). Intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financials statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reports amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the time of acquisition to be cash equivalents.

Accounts receivable

The Company assesses the collectability of their accounts receivable based primarily on the creditworthiness of the clients as determined by credit checks and analysis, as well as the client's payment history. As of December 31, 2011 and 2010 the Company has no allowance for doubtful accounts.

- Continued -

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Capital leases and leasehold improvements are depreciated or amortized over the shorter of the term of the lease or the estimated useful lives of the assets. The estimated useful lives of assets are primarily as follows:

Office equipment & furniture	5 to 7 years
Leasehold improvements	10 years
Computer equipment	3 to 5 years

Concentration of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company deposits cash and cash equivalents with high credit quality financial institutions and is insured to the maximum limitations. Balances in these accounts may exceed federally insured limits at times, which expose the Company to institutional risk.

Revenue recognition

The Company earns revenue from three sources that are fixed and their collectability reasonably assured: (1) Initial Service Year Setup Fees, (2) Renewal Years' Service Fees, and (3) Client-employee Monthly Recurring Capitation Fees. The Company issues its clients written price quotes and services agreements having stipulated terms and conditions that do not require management to make any significant judgments or assumptions regarding any potential uncertainties.

The Company also earns revenue from one source that is a fixed percentage of premiums collected. This fee, as a percentage of COBRA premiums the Company collects from its clients' COBRA Continuants (COBRA Continuants ongoing enrollment is unknown and may end earlier than the full length of their available coverage period), is set by Federal regulation.

All fees charged by the Company are recognized as revenue at the time they are earned.

Advertising costs

Advertising costs are expensed as incurred. Advertising costs were $118,094 and $76,921 for the years ended December 31, 2011 and 2010 respectively.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

- Continued -

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal use software

Expenditures for major software purchases and software developed or obtained for internal use are capitalized and amortized over a three-to five-year period using the straight-line method. For software developed or obtained for internal use, the Company's policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, the Company capitalizes certain payroll and payroll-related costs for employees who are directly associated with internal use computer software projects. The amount of capitalizable payroll costs with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred. The Company also expenses internal costs related to minor upgrades and enhancements, as it is impractical to separate these costs from normal maintenance activities.

Income Taxes

The Company has elected to be treated as a Subchapter S Corporation for Federal and Pennsylvania income tax purposes. As such no provision or liability is made for federal and state income taxes since such obligations are the responsibility of the individual stockholders.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The income tax returns of the Company are subject to examination by federal and state taxing authorities. Such examination could result in adjustments to net income or loss, which changes could affect the income tax liabilities of the individual stockholders. The Company's tax returns are open to examination for the three years ended December 31, 2010.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following:

	December 31, 2011	December 31, 2010
Phone system	$ 95,575	$ 87,972
Exhibit booth	7,195	7,195
Computer equipment	1,276,562	1,317,185
Office furniture	153,967	87,700
Leasehold improvements	26,749	26,749
Capital lease equipment	199,036	199,036
	1,759,084	1,725,837
Less: accumulated depreciation and amortization	(952,244)	(867,491)
	$ 806,840	$ 858,346

- Continued -

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2011 and 2010

NOTE 2 – PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense was $276,741 and $285,345 for the years ended December 31, 2011 and 2010 respectively.

NOTE 3 – FUNDS HELD FOR CLIENTS

The Company collects funds from clients for payment of employee benefit services; temporarily holds such funds until payment is due and remits the funds to the clients' employees, insurance providers and others.

Until April 2011, the Company maintained a portion of its clients' funds in an overnight money market sweep account with a short-term maturity; the Company had the right to receive the interest income from the client funds and the obligation to absorb the losses on client funds if any occurred.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company has an intercompany services agreement with Taylor & Ochroch Inc. ("T&O"), an entity owned by one of the Company's stockholders. T&O and the Company share office space and expenses related to the office space. In addition, T&O acts as the common paymaster for both companies for which BAS reimburses T&O for all payroll expenses for those employees used in BAS related business activities. Under the agreement, BAS and T&O split all general and administrative and rent expenses proportionately based on monthly usage. Any extraordinary expense reimbursements are determined as they occur.

For the years ended December 31, 2011 and 2010 the Company did not have any outstanding payments due to T&O.

On November 1, 2003 the Company entered into a lease agreement for office space with Youngsford Associates, a related party. The lease is month to month with no expiration date. Rent expense charged to operations, including escalation charges for real estate taxes and other expenses, amounted to $49,800 and $35,188 for the years ended December 31, 2011 and 2010 respectively.

NOTE 5 – DEBT

The Company's notes payable and other debt consists of the following:

	December 31,	
	2011	2010
Notes payable - stockholders	$ 258,350	$ 261,850
People's Bank revolving loan	376,332	315,549
	634,682	577,399
Less: current portion	(376,332)	(315,549)
Debt, net of current portion	$ 258,350	$ 261,850

- Continued -

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2011 and 2010

NOTE 5 – DEBT (Continued)

Notes payable – stockholders

On December 20, 1996 the Company secured a promissory note from its founder and president, in the amount of $9,000. The note bears interest at 7% per annum and has no due date. As of December 31, 2011 and 2010 the note had an outstanding balance of $9,850. The stockholder has indicated that he will not demand repayment within the year; therefore the note has been classified as long-term.

On December 13, 2001, the Company secured a promissory note from a stockholder, in the amount of $300,000. The note bears interest at 5% per annum and does not have a due date. As of December 31, 2011 and 2010 the note had an outstanding balance of $248,500 and $252,000, respectively. The note is secured by the assets of the Company. The stockholder has indicated that he will not demand repayment within the year; therefore the note has been classified as long-term.

People's Bank revolving loan

On October 25, 2010 the Company entered into a revolving loan agreement with People's Bank for $500,000. Interest is charged at 3.3% per annum and is payable monthly. The loan is due in full immediately upon the lender's demand. As of December 31, 2011 and 2010 the note had an outstanding balance of $376,332 and $315,549, respectively.

NOTE 6 – PENSION PLAN

T&O has established a defined contribution 401(k) plan ("the 401(k) Plan"). The contributions are included in payroll expense reimbursements. Substantially all of the employees of the Company are eligible to participate in the 401(k) Plan which permits the employees to make voluntary contributions up to a maximum of 15% of their annual compensation to the dollar limit allowed under the Internal Revenue Code. The 401(k) Plan also provides for a discretionary matching contribution of 2.5% of an employee's annual compensation. Under the terms of the expense sharing agreement T&O makes the contributions which are reimbursed by the Company for its portion. This discretionary matching contribution is available only to non-highly compensated eligible employees as defined by the Internal Revenue Code. For the years ended December 31, 2011 and 2010 the Company has recorded discretionary matching contributions of $63,319 and $36,250 respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Capitalized lease

On April 15, 2010, the Company entered into a lease agreement for a telephone system. The lease is for 60 months with payments of $3,719 per month. The Company has the option to purchase the telephone system at the end of the lease for $1; as such the lease has been accounted for as a capital lease. The amount of the capitalized leased telephone system included in fixed assets as of December 31, 2011 is $199,036.

- Continued -

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

Required minimum lease payments, including interest, on the capitalized lease are as follows:

Year ending December 31,		
2012	$	44,631
2013		44,631
2014		44,631
2015		44,631
		178,524
Less: amount representing interest at weighted average effective rate of 4.6%		(15,744)
Present value of minimum lease payments	$	162,780

Amortization expense related to the capitalized lease for the years ended December 31, 2011 and 2010 was $39,807 and $24,880, respectively.

Office lease

On March 4, 2010, the Company entered into a three year lease for office space consisting of 5,681 square feet in King of Prussia, Pennsylvania with a lease commencement date of May 1, 2010.

The aggregate minimum future payments under the office lease as of December 31, 2010 are as follows:

Year ending December 31,		
2012	$	109,833
2013		36,927
2014 and thereafter		-
	$	146,759

Rent expense related to the office space charged to operations was $86,162 and $57,441 for the years ended December 31, 2011 and 2010, respectively.

Automobile leases

The Company is obligated under three, three-year non-cancelable operating leases for automobiles expiring on various dates from 2011 to 2012. Under the terms of these agreements, the Company is obligated to make fixed monthly payments. The agreements included an excessive use clause wherein the Company may be charged a fee for wear that is deemed above normal. Each lease provides for a purchase option at the end of the lease term.

Future minimum payments under these leases are as follows:

Year ending December 31,		
2012	$	17,514

- Continued -

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

Rent expense related to the automobile leases and charged to operations amounted to approximately $22,653 and $23,182 for the years ended December 31, 2011 and 2010 respectively.

Concentrations

During the years ended December 31, 2011 and 2010 the Company had one client who represented 27% and 28% of total revenue, respectively.

During the years ended December 31, 2011 and 2010 the Company had one client who represented 32% and 61% of accounts receivable, respectively.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 6, 2012, the date on which the consolidated financial statements were available to be issued. The Company has determined that there are no material subsequent events that would require disclosure in the financial statements through this date.

CONSOLIDATING INFORMATION

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2011

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
ASSETS				
Current assets				
Cash and cash equivalents	$ 213,108	$ 38,078	$ -	$ 251,186
Investment in subsidiary	29,184	-	(29,184)	-
Accounts receivable	192,258	76,928	-	269,186
Prepaid expenses	112,940	-	-	112,940
Total current assets before funds held for clients	547,490	115,006	(29,184)	633,312
Funds held for clients	2,402,347	1,609,961	-	4,012,308
	2,949,837	1,724,967	(29,184)	4,645,620
Property and equipment, net	806,840	-	-	806,840
Other assets	17,990	-	-	17,990
	$ 3,774,667	$ 1,724,967	$ (29,184)	$ 5,470,450
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 135,134	$ -	$ -	$ 135,134
Deferred revenue	92,756	4,232	-	96,988
Current portion of capitalized lease obligation	39,807	-	-	39,807
Current portion of long-term debt	376,332	-	-	376,332
Total current liabilities before client funds obligations	644,029	4,232	-	648,261
Client funds obligations	2,392,474	1,609,961	-	4,002,435
	3,036,503	1,614,193	-	4,650,696
Deferred rent expense	31,875	-	-	31,875
Capitalized lease obligation, net of current portion	122,973	-	-	122,973
Long-term debt, net of current portion	258,350	-	-	258,350
	3,449,701	1,614,193	-	5,063,894
Stockholders' Equity	324,966	110,774	(29,184)	406,556
	$ 3,774,667	$ 1,724,967	$ (29,184)	$ 5,470,450

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2010

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
ASSETS				
Current assets				
Cash and cash equivalents	$ 36,559	$ 28,327	$ -	$ 64,886
Investment in subsidiary	29,184	-	(29,184)	-
Accounts receivable	423,451	64,397	-	487,848
Prepaid expenses	56,838	-	-	56,838
Total current assets before funds held for clients	546,032	92,724	(29,184)	609,572
Funds held for clients	2,284,214	1,653,742	-	3,937,956
	2,830,246	1,746,466	(29,184)	4,547,528
Property and equipment, net	858,346	-	-	858,346
Other assets	17,990	-	-	17,990
	$ 3,706,582	$ 1,746,466	$ (29,184)	$ 5,423,864
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 104,682	$ -	$ -	$ 104,682
Deferred revenue	78,148	23,300	-	101,448
Current portion of capitalized lease obligation	39,807	-	-	39,807
Current portion of long-term debt	315,549	-	-	315,549
Total current liabilities before client funds obligations	538,186	23,300	-	561,486
Client funds obligations	2,277,710	1,653,614	-	3,931,324
	2,815,896	1,676,914	-	4,492,810
Deferred rent expense	30,930	-	-	30,930
Capitalized lease obligation, net of current portion	157,210	-	-	157,210
Long-term debt, net of current portion	261,850	-	-	261,850
	3,265,886	1,676,914	-	4,942,800
Stockholders' Equity	440,696	69,552	(29,184)	481,064
	$ 3,706,582	$ 1,746,466	$ (29,184)	$ 5,423,864

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
Revenue				
Fees	$ 6,191,917	$ 1,159,757	$ -	$ 7,351,674
Expenses				
Payroll expense	5,113,340	314,494	(314,494)	5,113,340
CCS expense	(1,011,592)	-	1,011,592	-
Selling general & administrative expenses	507,684	697,098	(697,098)	507,684
Professional fees	403,212	19,926	-	423,138
Repairs and maintenance expense	308,288	-	-	308,288
Depreciation and amortization	276,741	-	-	276,741
Rent expense	140,360	-	-	140,360
Telephone expense	140,185	-	-	140,185
Advertising expense	118,094	-	-	118,094
Insurance expense	71,864	-	-	71,864
Auto expense	68,478	-	-	68,478
Producer fees	64,573	-	-	64,573
Taxes	36,683	-	-	36,683
Utilities	34,473	-	-	34,473
Bank service charges	828	-	-	828
	6,273,211	1,031,518	-	7,304,729
(Loss) income from operations	(81,294)	128,239	-	46,945
Other income (expense)				
Interest income	-	48	-	48
Interest expense	(40,346)	-	-	(40,346)
Net (loss) income	$ (121,640)	$ 128,287	$ -	$ 6,647

See accompanying notes to consolidated financial statements

BENEFIT ALLOCATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Benefit Allocation Systems, Inc.	Cobra Control Systems, Inc.	Eliminations	Consolidated
Revenue				
Fees	$ 5,282,057	$ 1,132,623	$ -	$ 6,414,680
Expenses				
Payroll expense	3,953,445	228,794	(228,794)	3,953,445
CCS expense	(830,383)	-	830,383	-
Selling general & administrative expenses	520,844	601,629	(601,589)	520,884
Depreciation and amortization	285,345	-	-	285,345
Professional fees	416,826	69,997	-	486,823
Repairs and maintenance expense	155,715	-	-	155,715
Telephone expense	146,614	-	-	146,614
Rent expense	92,629	-	-	92,629
Producer fees	78,765	-	-	78,765
Auto expense	77,302	-	-	77,302
Advertising expense	76,921	-	-	76,921
Insurance expense	49,725	-	-	49,725
Utilities	34,582	-	-	34,582
Taxes	12,489	-	-	12,489
Bank service charges	1,105	-	-	1,105
	5,071,924	900,420	-	5,972,344
Income from operations	210,133	232,203	-	442,336
Other income (expense)				
Interest income	-	128	-	128
Interest expense	(35,376)	-	-	(35,376)
Net income	$ 174,757	$ 232,331	$ -	$ 407,088

See accompanying notes to consolidated financial statements

PNC

May 13, 2013

Arthur Taylor, President
Benefit Allocation Systems Inc
132 Ivy Lane
King of Prussia, Pa. 19406

Re; confirmation letter

Dear Mr. Taylor,

This letter will confirm that Benefit Allocation Systems Inc. opened their accounts in April 1995. The company maintains operating and escrow accounts with PNC Bank.

(b)(6)

These accounts have always been managed in a satisfactory manner.

Sincerely,

[redacted]

(b)(6)

Joan D'abruzzo
Senior Vice President
PNC Bank, NA
610-407-0168
[redacted]

Section C - Description/Specifications/Work Statement

No attachments were added for this section.

Clauses Incorporated By Reference

Clause #	Title	Date
No reference clauses were found for this section.		

Included Clauses

7.3.2-34 - Duty to Deliver or Perform - July 2008

Contractor agrees to perform the services (the "Services") or provide the goods (the "Goods"), in accordance with the terms and conditions set forth herein and in any attachments to the contract.

7.3.2-21 - Description/Specifications/Work Statement - October 2008

The description of the services being acquired is as follows:

THIRD PARTY BENEFITS ADMINISTRATOR

The specifications for and the description of the work to be performed under this award are fully detailed in either a Statement of Work (SOW) which is included as an attachment in Section J of this award document.

Section E - Inspection and Acceptance

No attachments were added for this section.

Clauses Incorporated By Reference

Clause #	Title	Date
No reference clauses were found for this section.		

Included Clauses

7.6.4-01 - Inspection and Acceptance - July 2008

(a) All goods and services shall be subject to inspection and test by the FDIC Oversight Manager, to the extent practicable, at all times and places during the term of the award. All inspections by the FDIC shall be made in such a manner as not to unduly delay the work.

(b) The FDIC shall have TEN (10) business days from the date of Contractor's delivery to determine if such goods and services are in compliance with the requirements of the contract. If any services performed or goods delivered hereunder are not in conformity with the requirements of this Award, the FDIC shall have the right to require Contractor to reperform the services or redeliver the goods in conformity with the requirements of the Award, at no additional increase in total contract amount. When the services to be performed are of such a nature that the defect cannot be corrected by reperformance of the services, the FDIC shall have the right to (1) require Contractor immediately to take all necessary steps to ensure future performance of the services in conformity with the requirements of the contract; and (2) reduce the contract price to reflect the reduced value of the services performed. In the event Contractor fails promptly to reperform the services or redeliver the goods, or to take necessary steps to ensure future performance of the services or delivery of the goods in conformity with the requirements of the Award, the FDIC shall have the right to either (1) by contract or otherwise, have the services performed or the goods delivered in conformity with the contract requirements and charge to Contractor any cost occasioned to the FDIC that is directly related to the performance of such services or the delivery of such goods; or (2) terminate this Award for default as provided in 7.6.6-2, Termination for Default.

(c) Contractor shall provide and maintain an inspection system acceptable to the FDIC covering the goods or services to be delivered or performed hereunder. Records of all inspection work by Contractor shall be kept complete and available to the FDIC during the term of this Award and for such longer period as may be specified elsewhere in this Award.

Section F - Deliveries or Performance

No attachments were added for this section.

Clauses Incorporated By Reference

Clause #	Title	Date
No reference clauses were found for this section.		

Included Clauses

7.3.1-09 - Delivery Schedule - July 2008

The servicesx shall be delivered in accordance with the terms outlined in the Statement of Work. The contractor shall coordinate all devliverables with the Oversight Manager.

7.3.1-10 - Place of Delivery or Performance - July 2008

The place of delivery or performance is:

Contractor's Facilities.

7.3.1-11 - Deliverables - July 2008

The Contractor must provide all deliverables described in the statement of work.

7.3.1-12 - Period of Performance - July 2008

The period of performance begins on January 1, 2014 ("Effective Date") and expires on DECEMBER 31, 2016.

Section G - Contract Administration Data

No attachments were added for this section.

Clauses Incorporated By Reference

Clause #	Title	Date
No reference clauses were found for this section.		

Included Clauses

7.3.2-41 - FDIC Personnel - July 2008

(a) FDIC Oversight Manager. The Oversight Manager is the person designated in writing by the Contracting Officer to represent the FDIC for the purpose of monitoring technical performance and accepting goods or services. The Oversight Manager is not authorized to issue any instructions or directions which effect any substantive change in this contract, including, but not limited to, an increase or decrease in the price of this contract, or a change in the delivery date(s) or Period of Performance. Specific areas of delegated authority are more particularly defined in the Oversight Manager Appointment Memorandum.

The Oversight Manager is Louise Murril-Graves (703) 516-5297.

(b) FDIC Contracting Officer. The Contracting Officer is the person with FDIC-delegated authority to enter into, modify, administer, and terminate contracts and orders.

The Contracting Officer is James Thompson (703) 562-2593..

7.5.13-01 - Method of Payment - Electronic Fund Transfer (EFT) - July 2008

(a) Payment methods. Payments by the FDIC may be made by check or electronic funds transfer (EFT), or by a third party in lieu of payment directly from the FDIC, at the option of the FDIC. If the FDIC makes payment by EFT, the FDIC may, at its option, also forward the associated payment information by electronic transfer. Any third party payments will be made by the FDIC's commercial purchase card issuer. In the event Contractor certifies in writing to the payment office that Contractor does not have an account with a financial institution or an authorized payment agent, the FDIC would make payments by other than EFT.

(b) Contractor Payment Requests. If the FDIC elects for third party payments to be made, Contractor shall make payment requests through a charge to the FDIC purchase card with the third party, at the time and for the amount due in accordance with the terms of this contract. Contractor and the third party shall agree that payments due under this contract shall be made upon submittal of payment requests to the third party in accordance with the terms and conditions of an agreement between Contractor, the Contractor's financial agent (if any), and the third party and its agents (if any). No payment shall be due the Contractor until such agreement is made. Payments made or due by the third party are not subject to the Prompt Payment Act or any implementation thereof in this contract. Documentation of each charge against the FDIC's purchase card shall be provided to the Contracting Officer upon request. Contractor is required, as a condition to any payment, to maintain current information in the

Central Contractor Registration (CCR) database. Any invoice submitted with incorrect EFT information shall be deemed not to be a proper invoice as defined in the Prompt Payment Act clause herein.

7.5.13-12 - Schedule for Invoicing - July 2008

Contractor must submit invoices within TEN (10) days after the end of each month.

7.5.13-13 - Contents of Invoice - September 2010

Contractor's invoices must include the following items in order to be processed for payment:

(a) Contractor name, address and phone number.

(b) Invoice date. (Contractors must date invoices as close as possible to the date of electronic transmission to FDIC.)

(c) Invoice number.

(d) Contract Number (e.g., Contract Number, Task Order Number, Delivery Order Number, etc.)

(e) Line Item Number(s), as identified in the contract, and the amount invoiced for each Line Item Number.

(f) Allocation of all hours and expenses to Financial Institution Number (FIN) and Asset Name/Number, if applicable.

(g) Description, quantity, unit of measure, unit price, extended price of goods delivered or services performed.

(h) Total invoice amount.

(i) Payment terms (discount for prompt payment terms).

(j) Remittance address.

(k) Billing Point of Contact (e.g., name (where practicable), title, phone number, and mailing address of person to notify if there are questions regarding the invoice).

(l) Shipping information (e.g., shipment number, date of shipment, bill of lading number and weight of shipment. Shipping charges, if any, must be shown as a separate item on the invoice.

(m) For time and material or labor hour awards, copies of time sheets in support of direct labor charges.

(n) If travel expenses are reimbursable under the award, Contractor must submit travel documentation, receipts and other proof of expenses as required by the FDIC Contractor Travel Reimbursement Guidelines.

(o) If subcontractor expenses are reimbursable under a labor-hour or time-and-material award, Contractor must:

(1) identify subcontractor expenses and costs separate from prime contractor expenses and costs on the invoice it submits to FDIC;

(2) submit with its invoice, as supporting documentation, a copy of its subcontractor's invoice when seeking reimbursement of subcontractor expenses.

(p) Pass through costs - If expenses or costs are reimbursable under the terms of the award, a description of each shall be provided in the invoice along with the quantity, unit amount, and total amount. Also, if amounts are derived from application of any formula, calculation, percentage, etc., such application must be clearly evident in the supporting documentation provided with the invoice.

(q) The following certification statement, signed by an authorized company representative:

"This is to certify that the services set forth herein [goods described herein] were performed [delivered] during the period stated.

______________________________ __________

Contractor's Authorized Representative Date"

(r) Any other information or supporting documentation required by the award. If an invoice does not contain the above required information; contains errors; or exceeds the total compensation ceiling limit for this award, the invoice will be returned to Contractor and processing of the invoice for payment will be delayed until the deficiency is corrected.In addition, the FDIC requires Contractors to maintain current information in the Central Contractor Registration (CCR) database. FDIC may reject any invoice received from Contractor where processing of the invoice cannot be completed because Contractor has failed to maintain its registration, including electronic funds transfer (EFT) information, in the CCR database.

7.5.13-14 - Electronic Invoice Preparation and Submission (CORHQ Business Unit) - July 2008

Contractor must follow the FDIC's electronic invoice preparation and submission instructions stated below:

(a) Contractor must email electronic invoices to the FDIC's Division of Finance/Accounts Payable (DOF/AP) at the following address: DOFAPInvoice@fdic.gov

(b) Contractor must only email their invoices to the above DOF/AP email address and not the Oversight Manager (OM) or Contracting Officer. The FDIC will not accept hand-delivered invoices or invoices sent to any other address (i.e., FDIC street address or any other email addresses).

(c) Contractor must submit the electronic invoice as a single file document, in pdf format. The file should include the exact same information that has been submitted physically via mail in the past. (FDIC only wants one electronic file because we will be uploading the single pdf into a database and we only want one file associated with an invoice. However, if the size of a single pdf file exceeds 30 MB, the invoice may either be submitted as two pdf files, with neither pdf file exceeding 30 MB, or it may be submitted as a zip file that does not exceed 30 MB. If two pdf files are used, each email must clearly identify that the invoice has been separated into two pdf files to accommodate the size limitation. If a zip file is used, the individual files inside the zip file must be kept to a minimum and each must have a descriptive file name, such as "Invoice cover page", "Timesheets", etc.)

(d) Contractor must not include more than one electronic invoice in the same email. (For example, if a Contractor has four task orders, a separate email with a single invoice must be submitted for each of the four task orders.)

(e) Contractor must name the pdf file or zip file in the following format (with invoice date shown as year/month/date followed by a space and the invoice number):

Invoice date and invoice number (e.g., 2008-01-31 1067876)

(f) Contractor's email subject line must include the words, "Contractor Invoice", followed by a hyphen and the Contract Number (or Task Order Number, or Delivery Order Number, as applicable), as shown in the example below:

"Contractor Invoice - CORHQ-08-C-0000"

(g) Task Assignments: For contracts and task orders containing provisions for Task Assignments, a separate invoice must be submitted via a separate email for each Task Assignment.

(h) The counting of days for Prompt Payment begins on the date the invoice is received in the inbox of the DOF/AP email address, until 4PM. Invoices received after 4PM will be counted as being received the following FDIC workday.

Section H - Special Contract Requirements

No attachments were added for this section.

Clauses Incorporated By Reference

Clause #	Title	Date
No reference clauses were found for this section.		

Included Clauses

7.3.2-43 - Key Personnel - July 2008

(a) The following key personnel are essential to the proper performance of Contractor's duties under this contract:

See Attached Key Personnel Listing

(b) Contractor must make the above named key personnel available for performance under this contract as long as such persons are employed by Contractor or its related entities. All key personnel changes must be authorized in writing by the FDIC Contracting Officer prior to the new key personnel beginning work. Contractor must give a minimum of a 14-day advance written notice to the FDIC Contracting Officer of any proposed substitutions of key personnel. The notice must describe the reason for the proposed change; give the name of the proposed substitute individual with a description of his educational and professional background; and include a completed background investigation questionnaire. The determination of acceptability of proposed substitute personnel is in the sole discretion of the FDIC.

7.3.5-01 - Emergency Preparedness - July 2008

(a) If the contractor, at any time during the performance of this contract/order, is determined by the FDIC (at its sole discretion) to provide services essential or critical to the FDIC mission (based on the nature of an actual or threatened emergency situation as declared by any competent federal, state or local authority), then upon such notice to the contractor by the FDIC contracting officer; the contractor shall take immediate and effective measures to ensure the availability or use of back-up or redundant services and/or system(s) support to deal with such emergency, and to ensure uninterrupted support of the services or system(s) support under the contract/order so identified.

(b) Any back-up or redundant services and/or system(s) support required under this provision (whether subject to reimbursement by FDIC or not, as described below) must be provided for as long as the actual or threatened emergency situation exists.

(c) Any costs associated with providing back-up or redundant services and/or system(s) support provided by the contractor under this section must be reimbursed at a rate that must not exceed the current prices or hourly rates provided for in the contract/order, unless such back-up or redundant services and/or system(s) support was a requirement of the contract/order in question and the costs for providing such back-up or redundant services and/or system(s) support was included in the contract/order price. In this case, the contract/order requiring back-up or redundant services and/or system(s) support must be provided by the vendor as required at no additional cost to FDIC during the term of the contract/order, and must be subject to reimbursement only for the time the back-up or redundant services and/or system(s) support is provided beyond the expiration of the contract/order, if so required by FDIC.

7.4.2-01 - Security and Privacy Compliance for IT Services - July 2008

(a) Security and Privacy Compliance. The Contractor is responsible for Information Technology (IT) security for Contractor Personnel and subcontractor personnel granted access to the FDIC network, and for their use of systems connected to the FDIC network, and for those systems developed, maintained, implemented or operated by the Contractor for FDIC. All IT products and services provided by the Contractor shall comply with all FDIC information security and privacy directives, policies and requirements unless Contractor obtains a written waiver from FDIC Information Security/Privacy staff.

(b) Laws and Standards. All IT products and services provided by the Contractor must comply with Federal laws and standards addressing information security. These include:

(1) The Privacy Act of 1974 (5 U.S.C. 552a) as amended (if incorporated in the contract);

(2) Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources (Transmittal Memorandum No. 4) including Appendices;

(3) E-Government Act of 2002 (P. L. 107-347) including Title II, Section 208 - Privacy Provisions and Title III - Federal Information Security Management Act of 2002 (FISMA), and related OMB guidance; and

(4) National Institute of Standards and Technology (NIST) Federal Information Processing Standards (FIPS) and Special Publications.

(c) FDIC Policy and Guidance. All IT products and services provided by the Contractor shall address information security and privacy requirements throughout their design, development, implementation, maintenance, operation, and termination as provided in FDIC system development life cycle policy and guidance. This includes completing or providing the necessary information for the FDIC to complete privacy impact assessments, security assessments, risk assessments, security plans, contingency plans, and other security and privacy artifacts as required.

(d) Subcontracts. Contractor must include this clause in all its subcontracts to which the conditions and requirements described in this clause would apply. Contractor also must require its subcontractors (first-tier) to include this clause in any of their subcontracts (second-tier) to which the conditions and requirements of this clause would apply.

7.4.2-02 - Off-site Processing and Storing of FDIC Information - June 2010

(a) Protection of Information. The Contractor shall implement adequate administrative, technical, physical and procedural security controls to ensure that all FDIC information in its possession or under its control is adequately protected from loss, misuse, and unauthorized access or modification. The collection, use, transmission, and disclosure of FDIC information shall comply with all federal and state privacy laws and FDIC rules and regulations regarding privacy. The Contractor shall further ensure that FDIC PII is separated both physically and logically from Contractor's data. The Contractor shall not use any FDIC information except to the extent necessary to carry out its obligations under the contract. Contractor shall not disclose FDIC information to any third party unless disclosure is authorized in the contract or Contractor obtains the prior written consent of the Contracting Officer.

(b) Control of Information. All FDIC information remains the property of FDIC. At any time, upon request of the Contracting Officer, Contractor shall promptly retrieve and deliver to FDIC all FDIC information, or any portion of information as specified by FDIC, under the Contractor's control or in its possession. Information shall be provided in a format and on media as agreed by both parties. The Contractor shall not, and shall not permit any other person, to access, transmit, maintain, store, use or disclose the Confidential Information [Sensitive Information] outside of the United States. Upon completion or termination of the contract, or at any time the Contracting Officer requests it in writing, Contractor shall return, erase, or destroy all FDIC information on any media under its control or in its possession, as FDIC directs.

(c) IT Security Plan. The Contractor shall implement and maintain the approved IT Security Plan, Physical/Environmental Security Plan, or the approved security audit or review, which is hereby incorporated into the contract, for the duration of the contract. The Contractor must demonstrate its continued compliance with the controls, processes and procedures described in the IT Security Plan (or the security audit or review) throughout the term of the contract, as FDIC may request.

(d) Inspections/Assessments. The Contractor shall allow and cooperate with both scheduled and unannounced inspections and assessments of its facilities, personnel, hardware, software and its security and privacy practices by either the FDIC information technology staff, the FDIC Inspector General, or the U.S. General Accountability Office (GAO). These inspections may be conducted either by phone, electronically or in-person, on both a pre-award basis and throughout the term of the contract or task order, to ensure and verify compliance with FDIC IT security and privacy requirements.

(e) Monitoring and Incident Response. The Contractor shall monitor its facility and premises for security and privacy incidents and provide the capability to respond to and resolve them effectively and in a timely manner. All security and privacy incidents that involve FDIC information must be immediately reported to FDIC's Computer Security Incident Response Team (CSIRT).

(f) Contact Information. The Contractor shall provide a point of contact (name, telephone number, e-mail address) with whom the Contracting Officer, Oversight Manager, and FDIC Information Security and Privacy Staff may communicate throughout the duration of the contract about information security and privacy issues.

7.4.2-04 - Privacy Requirements for External Web Applications and Content - July 2008

(a) The Contractor shall ensure that each publicly accessible web site that is developed or maintained for FDIC under this contract conforms to the privacy requirements of the E-Government Act of 2002 (44 U.S.C. Ch. 36). The web site shall not use persistent cookies or other persistent tracking devices, although session cookies may be used. The home page, all major entry points into the web site, and all web pages that collect personal information shall include a hyperlink labeled "Privacy Policy" that links to the FDIC's privacy policy located on FDIC.gov.

(b) The Contractor shall provide access to FDIC for the purpose of performing scans or conducting other verification techniques to ensure the above requirements are met.

7.5.1-02 - Protecting Sensitive Information - September 2010

(a) Protecting Sensitive Information. Contractor, all Contractor Personnel, subcontractors and subcontractor personnel shall comply with FDIC Circular 1360.9, Protecting Sensitive Information, and protect the confidentiality, integrity and availability of sensitive information, including personally identifiable information (PII), to which they have access. FDIC Circular 1360.9 is available at the FDIC website: www.fdic.gov/buying/goods/acquisition/index.html

(b) Controlling Sensitive Information. All sensitive information, electronic and paper copy, remains the property of FDIC. If Contractor or Contractor Personnel moves or copies sensitive information to Contractor's facilities or equipment, they must maintain and store it separately, both physically and logically, from all non-FDIC information. Upon completion or termination of the contract, or at any time the Contracting Officer requests it in writing, Contractor must return, erase, or destroy all sensitive information on any media under its control or in its possession, as FDIC directs.

(c) Sensitive Information Defined. Sensitive information is any information, the loss, misuse, or unauthorized access to or modification of which could adversely impact the interests of FDIC in carrying out its programs or the privacy to which individuals are entitled. It includes the following:

(1) Information that is exempt from disclosure under the Freedom of Information Act, such as trade secrets and commercial or financial information, information compiled for law enforcement purposes, personnel and medical files, and information contained in bank examination reports;

(2) Information under the control of FDIC contained in a Privacy Act system of record that is retrieved using an individual's name or by other criteria that identifies an individual;

(3) PII about individuals maintained by FDIC that if released for unauthorized use may result in financial or personal damage to the individual to whom such information relates. Sensitive PII, a subset of PII, may be comprised of a single item of information (e.g., SSN) or a combination of two or more items (e.g., full name along with, financial, medical, criminal, or employment information). Sensitive PII presents the highest risk of being misused for identity theft or fraud; and

(4) Information about insurance assessments, resolution and receivership activities, as well as enforcement, legal, and contracting activities.

(d) Confidentiality Agreement. The Contractor, all key personnel and, at the discretion of FDIC, any designated non-key personnel working on the contract each must sign a confidentiality agreement. When FDIC determines non-key personnel are required to sign confidentiality agreements, the Oversight Manager shall provide the Contractor with a written notice of such and shall identify whether the requirement extends to all categories of non-key personnel or selected categories of non-key personnel. FDIC Form 3700/46, Confidentiality Agreement (for Contractor) and FDIC Form 3700/46A, Confidentiality Agreement (for Contractor Personnel) are included as attachments to this contract. The company-level confidentiality agreement must be signed by an authorized representative of the Contractor and delivered to the Contracting Officer at the time of award, with the signed contract. Confidentiality agreements for key personnel and designated non-key personnel must be delivered to FDIC no later than five (5) business days after starting performance and prior to receiving any sensitive information. The Contractor must deliver the confidentiality agreements signed by key personnel to the Contracting Officer and those signed by designated non-key personnel to the Oversight Manager. Key personnel and designated non-Key Personnel who do not sign a confidentiality agreement will not be permitted to perform work on the contract.

(e) Subcontracts. Contractor must include this clause in all its subcontracts to which the conditions and requirements described in this clause would apply. Contractor also must require its subcontractors (first-tier) to include this clause in any of their subcontracts (second-tier) to which the conditions and requirements of this clause would apply.

7.5.2-03 - Background Investigations - July 2008

a) Any Contractor Personnel or subcontractor personnel who:
- work on-site at and have unescorted access to FDIC offices or facilities, or
- have access to FDIC networks/systems

must undergo a background investigation, in accordance with FDIC Circular 1610.2. In addition, background investigations are conducted on all Contractor Personnel and subcontractor personnel on contracts and other awards for services with a value greater than $100,000, or on any contract or award at the discretion of the FDIC. The extent of the background investigation conducted will be in direct relation to the risk level assigned either in clause 7.5.2-9, Risk Level Designation - Entire Contract or in clause 7.5.2-10, Risk Level Designation - Labor Category. FDIC Circular 1610.2 is available at the FDIC website: www.fdic.gov/buying/goods/acquisition/index.html

b) Prior to obtaining an FDIC identification/access badge and commencing work under the contract, Contractor Personnel and subcontractor personnel are required to undergo both a fingerprint and a credit check. In addition, Contractor Personnel and subcontractor personnel may be subject to an OPM background investigation, based on the risk level assigned to the contract or to the labor categories. No Contractor Personnel or subcontractor personnel, including any new personnel added at any time during the term of the contract, shall be permitted to begin work until the fingerprint and the credit check processes have been completed and FDIC has rendered a favorable determination, and the paperwork for any further OPM background investigations has been submitted.

c) Contractor must provide the Oversight Manager with the following documents for all Contractor Personnel and subcontractor personnel subject to the background investigation requirement:

1) An executed Background Investigation Questionnaire for Contractor Personnel and Subcontractors (FDIC 1600/04);
2) An executed Notice and Authorization Pertaining to Consumer Reports (FDIC 1600/10);
3) A Fingerprint Card (The contractor must submit FD Form 258 Fingerprint Card or coordinate with the Oversight Manager to schedule fingerprinting by the Security and Emergency Preparedness Section of FDIC.)

FDIC Forms 1600/04 and 1600/10 are available at the FDIC website:
www.fdic.gov/buying/goods/acquisition/index.html
In addition, where the assigned risk level of the contract mandates background investigations by the Office of Personnel Management, the Contractor must provide the Oversight Manager with the completed paperwork for Contractor Personnel and subcontractor personnel needed to initiate an OPM background investigation. The Oversight Manager will notify the Contractor of the method by which to submit the paperwork - either manually, using Standard Form 85P Questionnaire for Public Trust Positions, or via e-QIP (the OPM Electronic-Questionnaires-for-Investigations-Processing system). If any Contractor Personnel or subcontractor personnel have received a background investigation-clearance from another federal agency within the last 5 years, at the same or a higher risk level as that assigned to this contract, the Contractor may also provide the following to the OM:

A Certificate of Investigation or a Letter of Consent or other documentation from a government agency, verifying the date of the investigation, the investigating agency, the type of investigation completed and the clearance given.

d) Any Contractor Personnel or subcontractor personnel, whose background investigation reveals an adverse finding, may be excluded from working on the contract at the discretion of the Contracting Officer. Contractor is obligated to replace any personnel so excluded with personnel acceptable to FDIC. Replacement of personnel shall be made at no additional cost to the FDIC and without relieving Contractor of performance and delivery requirements of the contract.

e) Contractor must comply with Homeland Security Presidential Directive-12 (HSPD-12) and Federal Information Processing Standard Publication 201 (FIPS 201) entitled "Personal Identification Verification for Federal Employees and Contractors". Contractor Personnel and subcontractor personnel must present two forms of identification in original form prior to badge issuance; at least one document must be a valid State or federal government-issued picture ID. Acceptable forms of identification are listed in Form I-9, OMB No., 1615-0047, Employment Eligibility Verification. In addition, Contractor Personnel and subcontractor personnel must appear in person at least once before an FDIC official who is responsible for checking the identification documents. FDIC will not issue identification/access badges to Contractor Personnel and subcontractor personnel until proof-of-identity has been established.

f) Subcontracts. Contractor must include this clause in all its subcontracts to which the conditions and requirements described in this clause would apply. Contractor also must require it subcontractors (first-tier) to include this clause in any of their subcontracts (second-tier) to which the conditions and requirements of this clause would apply.

7.5.2-09 - Risk Level Designation (Entire Contract) - July 2008

The risk level for this contract is: MODERATE. The post-award background investigations for this contract will be done at this risk level.

7.5.2-11 - Identification/Access Badges - July 2008

All contractor and subcontractor employees regularly working on-site at an FDIC facility must be issued an identification/access control badge. Such employees will not be granted on-site access until receiving the badge. Renewal of the badges is required semiannually.

7.5.2-12 - Contractor Notification of Departing Employee - August 2012

No later than the date of departure of a Contractor or Subcontractor employee who has been issued an FDIC badge, granted FDIC network access, or receive any of the following: FDIC property/equipment (including laptop or network access token), Personally Identifiable Information (PII), parking permits, office keys, access cards and/or building passes, the Contractor must notify FDIC of the employee's departure. The notification shall be emailed to the Oversight Manager and must include the following:

(a) Contract number;
(b) Contractor name (and Subcontractor name, if departing employee works for a Subcontractor);
(c) Departing employee name; and
(d) Date of departure.

7.5.2-13 - Use of FDIC Premises by Contractor Personnel - July 2008

Contractor shall comply with the FDIC directives governing access to and operations at FDIC offices and facilities, while on FDIC premises. The directives are available at the FDIC website: www.fdic.gov/buying/goods/acquisition/index.html, or may be obtained from the Oversight Manager. Contractor is responsible for assuring that its personnel understand and observe these directives. Contractor shall perform its contract activities in a manner which does not interrupt or interfere with the business conducted at FDIC.

Subcontracts. Contractor must include this clause in all its subcontracts to which the conditions and requirements described in this clause would apply. Contractor also must require it subcontractors (first-tier) to include this clause in any of their subcontracts (second-tier) to which the conditions and requirements of this clause would apply.

7.1.3-2 - Post-Government Employment Certification (Post-Award) - May 2009

Any former Federal Deposit Insurance Corporation (FDIC) or Resolution Trust Corporation (RTC) employee who the contractor intends to use in performance of work under the contract or its subcontracts must complete and submit the post-government employment certification found at FDIC website www.fdic.gov/buying/goods/acquisition/index.html. The certification must be submitted to the Contracting Officer prior to the former employee commencing work under the contract. The FDIC Legal Division Ethics Unit will review the certification to determine compliance with the post-government employment restrictions. The former employee may be required to provide additional information as to their position and responsibilities while employed at FDIC or RTC and as a post-government employee working on the FDIC contract or subcontract.

Section I - Contract Clauses

No attachments were added for this section.

Clauses Incorporated By Reference

Clause #	Title	Date
7.3.1-13	OIG Fraud Hotline	July 2008
7.3.1-14	Order of Precedence	July 2008
7.3.2-35	Calendar Days	July 2008
7.3.2-40	Change in Physical Location	July 2008
7.3.2-42	Contractor Personnel	July 2008
7.3.2-44	Representations of Contractor	July 2008
7.3.2-54	Cooperation with the Office of Inspector General	July 2008
7.3.2-58	Limitation on Payment to Influence Certain Federal Transactions	July 2008
7.3.2-59	Warranty Concerning Contingent Fees	July 2008
7.3.2-60	Anti-Kickback Procedures	July 2008
7.3.2-61	Drug-Free Workplace	July 2008
7.3.2-62	Equal Opportunity	July 2008
7.3.2-63	Affirmative Action for Workers with Disabilities	July 2008
7.3.2-64	Affirmative Action for Special Disabled Veterans and Vietnam Era Veterans	July 2008
7.3.2-65	Employment Reports on Special Disabled Veterans and Vietnam Era Veterans	July 2008
7.5.1-01	Privacy Act	July 2008
7.5.4-06	FDIC Rights in Data - General	July 2008
7.5.6-05	Subcontracting Plan Compliance	March 2011
7.5.8-04	Notice to the FDIC on Damage	July 2008
7.5.8-05	Cost of Insurance	July 2008

7.5.8-11	Liability to Third Persons	July 2008
7.5.9-01	FDIC Exempt from Federal, State, and Local Taxes	July 2008
7.5.11-01	Service Contract Act of 1965	July 2008
7.5.12-05	Trade Agreements	October 2009
7.5.12-07	Restrictions on Certain Foreign Purchases	July 2008
7.5.13-05	Payments Under Fixed Price Awards	June 2009
7.5.13-10	Travel Expenses (Reimbursable)	July 2008
7.5.13-11	Fees and Expenses of Subcontractors	July 2008
7.5.13-16	Central Contractor Registration	July 2008
7.5.13-17	Right to Offset Contract Payments Against Delinquent Obligations	July 2008
7.5.13-18	Prompt Payment	December 2008
7.5.14-02	Notice and Certification of Claims	July 2008
7.6.4-03	Risk of Loss or Damage	July 2008
7.6.5-01	Changes	July 2008
7.6.5-03	Stop Work Order	July 2008
7.6.6-01	Termination for Convenience of the FDIC	July 2008
7.6.6-02	Termination for Default	July 2008
7.6.6-04	Excusable Delays	July 2008
7.3.2-73	Compliance with 12 CFR Part 366 and Application of 12 CFR Part 367	September 2009
7.6.5-05	Assignment of Claims	July 2008

Included Clauses

7.3.1-15 - Governing Law - July 2008

This contract is governed by Federal law and will be construed accordingly. To the extent State law may apply, in the case where there is no applicable Federal law, the State law that applies is the law of the State in which the FDIC office executing the contract is located (or the law of the District of Columbia for contracts executed by the FDIC office located in the District of Columbia).

7.3.2-33 - Independent Contractors - July 2008

The FDIC retains Contractor as an independent contractor for the sole purpose of performing the services or providing the goods described in this contract. If subcontracting is permitted, the use of the term "Contractor" herein refers to both the Contractor and all Subcontractors at all levels. Contractor must ensure that all Subcontractors adhere to all of the terms and conditions of this contract that have flow-down requirements.

7.3.2-37 - Audit of Records - July 2008

(a) Audit and Inspection Rights. The FDIC, through its Contracting Officer or his designated representative(s), has the right to audit and examine Contractor's records and inspect its facilities. The scope of these rights is described below.

(b) Examination of Costs. Contractor is required to maintain sufficiently detailed records of the costs it incurs in performing this contract The FDIC has the right to audit and examine Contractor's books and records, and its accounting procedures and practices, regardless of their form (e.g., machine readable media) or type (e.g., data bases, applications software, data base management software,). The FDIC has the right to inspect, at reasonable times, the facilities used by Contractor during performance of the contract.

(c) Reports. If Contractor is required to furnish cost, funding or performance reports, the FDIC has the right to audit and examine Contractor's books, records, other documents and supporting materials to evaluate (1) the data underlying the reports and (2) the effectiveness of Contractor's policies and procedures to produce data compatible with the objectives of these reports.

(d) Comptroller General.

(1) The Comptroller General of the United States, or his authorized representative, shall have access to and the right to examine any of the contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder for a period of three (3) years following final payment under the contract.

(2) The period of access and examination is automatically extended for records relating to claims or litigation arising from the performance of this contract, or costs and expenses of this contract to which the Comptroller General has taken exception, and continues until all claims, litigation, appeals or exceptions are resolved.

(3) This paragraph may not be construed to require contractors or subcontractors to create or maintain any record that the contractor or subcontractor does not maintain in ordinary course of business or pursuant to a provision of law.

(e) Retention Requirement. Contractor must retain the materials described in paragraphs (b) and (c) above for three (3) years following final payment under this contract, or for any longer period required by statute or another clause in this contract. Contractor must make the materials available to the FDIC for audit, examination and reproduction, at reasonable times during the retention period. Contractor must also provide the FDIC with working space at its facilities to conduct the audit and examination. If this contract is terminated, completely or partially, Contractor must maintain the materials described in subparagraphs (b) and (c) above for three (3) years following any final settlement Contractor must maintain, and make available to the FDIC, records relating to appeals under the "Disputes" clause of this contract, or to claims or litigation arising under or from this contract, until the appeals, claims or litigation are resolved.

(f) Computer Data. Contractor may transfer computer data in machine readable form from one reliable computer medium to another. Contractor's computer data retention and transfer procedures must maintain the integrity, reliability and security of the original data. Contractor's choice of media affects neither Contractor's obligations nor the FDIC's rights under this clause.

(g) Subcontracts. Contractor is required to insert a clause containing all the terms of this clause, including this subparagraph (g) - altered as necessary to identify properly the contracting parties and the Contracting Officer under the FDIC prime contract - in all subcontracts under this contract that exceed $100,000.

7.3.2-57 - Public Release of Contract Award and Advertising and Publicity Information - January 2011

(a) The Contractor, its affiliates, agents or subcontractors, and their respective employees shall not issue press releases or provide other information to the public regarding any FDIC contract award.

(b) The Contractor, its affiliates, agents or subcontractors, and their respective employees shall not make statements to the media or issue press releases regarding the goods or services provided under this Contract. Requests for information from anyone representing themselves as working for, or on the behalf of, a media or news organization must be directed to the Contracting Officer, who will obtain appropriate approval from the FDIC Office of Public Affairs at 202-898-6993.

(c) Advertising or publicity materials (including the placement of information in its website):

(1) The Contractor may include a reference to "FDIC" or "Federal Deposit Insurance Corporation" in a list of the Contractor's clients, along with a short, broad description of the goods or services provided, such as "FDIC - IT Services" or "FDIC - Security Services". In no event may any confidential information regarding the details of the contract or the name of the financial institutions where work is being performed be disclosed.

(2) Without the prior written approval from the Contracting Officer, the Contractor shall not:

(i) issue or sponsor any advertising or publicity (including the placement of information in its website) that states or implies the FDIC endorses, recommends or prefers the Contractor's goods or services. (ii) use the FDIC's logo or other FDIC material or refer to the FDIC in its advertising and publicity materials (including its website).

All requests for such approvals must be submitted to the Contracting Officer at least 30 days prior to the scheduled release of advertising or publicity materials. The Contracting Officer will coordinate with the FDIC Office of Public Affairs and notify the Contractor of the final decision.

(d) The prohibitions addressed in the preceding paragraphs also apply to information placed on social networks

(Twitter, Linkedin, Facebook, blogs, etc.).

(e) The Contractor agrees to include this clause in all its subcontracts under this contract.

7.3.2-69 - Joint and Several Liability - July 2008

If Contractor is organized as a joint venture, the liability of the members of the joint venture in connection with all duties, obligations and liabilities under this Contract is joint and several.

7.5.3-02 - "Section 508, Electronic and Information Technology (EIT) - (Contract or Task Order) - July 2008

Electronic and information technology (EIT) purchased, developed or maintained under this contract or task order must conform to and be in compliance with the applicable provisions of the Architectural and Transportation Barriers Compliance Board's (Access Board's) Electronic and Information Technology Accessibility Standards (Subpart B, 36 CFR Part 1194) at the time of delivery.

The applicable Standard(s) for this contract [is] [are]:

[ ] 1194.21
[X] 1194.22
[ ] 1194.23
[ ] 1194.24
[ ] 1194.25
[ ] 1194.26

Contractor shall also comply with Subpart C, CFR Part 1194.31 - Functional Performance Criteria and Subpart D, 36 CFR section 1194.41 - Information, Documentation, and Support.

Under any maintenance agreement, Contractor agrees to maintain compliance with Section 508 of the Rehabilitation Act of 1973 for all hardware/software.

7.5.5-01 - Option Period - July 2008

The period of performance may be extended, at the discretion of the FDIC, for Two (2) One-year ("Option Period(s)"). Except where specifically indicated otherwise, "Period of Performance" as used hereafter in this Contract refers both to the initial Period of Performance and to any Option Period which may be exercised.

Option Period I -- January 1, 2017 through December 31, 2017

Option Period II – January 1, 2018 through December 31, 2018

7.5.5-02 - Notice of Exercise of Option - July 2008

If the FDIC desires to exercise the option to extend the Period of Performance, the FDIC must notify Contractor, in writing, of its intent not less than THIRTY (30) days before the expiration of the current Period of Performance.

7.5.6-02 - Subcontracting Reporting - March 2012

If subcontracting is approved under this award, the Contractor must submit a subcontracting report, on a quarterly basis, addressing the following for each subcontractor:

a. Subcontractor's Name, Address, and DUNS number.
b. Subcontractor's type of business concern [Minority Owned (including ethnicity), Women Owned, Small Business, Small Disadvantaged Business, Small Business Administration 8(a), Historically Underutilized Business Zones(HUBZones), Veteran Owned, and/or Service Disabled Veteran Owned Business].
c. Estimated percentage of the contract work to be performed by the subcontractor. (Applicable only to awards with Subcontracting Plans.)
d. Description of work performed by subcontractor during the report period and dates, or range of dates, performance was accomplished.
e. Compensation paid to subcontractor during reporting period.
f. Total compensation paid to subcontractor cumulative to date.
*g. Percentage completion toward Subcontracting Plan goals. (Applicable only to awards with Subcontracting Plans.)

The Contractor must provide the subcontracting report to FDIC using the FDIC Subcontracting Reporting System (SRS). The SRS is a web-based system that is accessible via the internet at https://www2.fdic.gov/SRSweb/. Contractor may access a copy of the SRS Prime Contractor User Guide in the Miscellaneous section of the following webpage: http://www.fdic.gov/buying/goods/acquisition/index.html.

The subcontracting report must be submitted within 15 days after the end of each quarter (i.e., by April 15th for Quarter 1 ending March 31st , by July 15th for Quarter 2 ending June 30th, by October 15th for Quarter 3 ending September 30th, and by January 15th for Quarter 4 ending December 31st.

*(Note: Contractor will not be able to enter into SRS the information required under paragraph g until SRS undergoes a modification/upgrade. Contractor shall collect the information so they can complete these requirements once SRS has been modified/upgraded.)

7.5.6-04 - Approved Subcontractors and Consent to Subcontract - February 2010

Contractor must not engage subcontractors to perform any of its responsibilities without the prior written approval of the FDIC. Subcontractors identified in Contractor's proposal prior to award are deemed approved. Contractor must notify the FDIC of any changes in subcontracting arrangements. If Contractor proposes to add a subcontractor after award, Contractor must obtain consent from the Contracting Officer. Contractor must send a written request to the Contracting Officer, along with a Subcontracting Plan, or amended Subcontracting Plan, as applicable, which sets forth the following:

(1) Name, address and DUNS number of the subcontractor;
(2) Summary of capabilities of the subcontractor;
(3) Description of roles of Key Personnel of the subcontractor;
(4) Estimated percentage of work to be performed by the subcontractor;
(5) Description of work to be performed by the subcontractor;
(6) Minority or Woman Owned Business (MWOB) designation of the subcontractor, i.e., Women-Owned, Minority-

Owned. If Minority-Owned, also provide the subcontractor's ethnic/racial category from the following list:

Asian-Pacific American
Subcontinent Asian (Asian-Indian) American
Black American
Hispanic American
Native American
Other than one of the preceding;

(7) SDB certification, if any, of subcontractor; and
(8) Rationale and the offeror's policy for subcontracting, including a description of how the subcontracting commitments will be met.

In the case of time and material or labor hour contracts, the contractor must provide pricing support for the reasonableness of the proposed labor rates. If markup on the subcontractor rates has been approved by the Contracting Officer, any proposed markup rates must be identified in the pricing support.

Subcontractor must not begin work until the contractor receives written approval by the FDIC Contracting Officer.

The following subcontractors are approved for performance under this contract: ______________

____

____

Consent by the FDIC to any proposed subcontractor does not: (1) constitute a determination of the acceptability of any subcontract terms or conditions; or (2) constitute a determination of the acceptability of any amount paid under any subcontract; or (3) relieve Contractor of any of its responsibilities under the award. Contractor must notify the FDIC Contracting Officer of any changes in subcontracting arrangements.

7.5.8-01 - Liability Insurance - April 2010

Contractor, before commencing work or permitting any subcontractor to commence work, shall procure and maintain the following insurance or, should such insurance be cancelled, the FDIC shall have the right to procure such insurance and the cost thereof shall be deducted from monies then due or which thereafter become due to Contractor. Contractor may carry any additional insurance as it may deem necessary. Contractor shall not be deemed to be relieved of any responsibility by the fact that Contractor carries insurance. The FDIC shall require any contractor of the FDIC performing work on FDIC premises to carry and maintain, at no expense to the FDIC:

(a) Worker's Compensation and Employer's Liability Insurance in accordance with the applicable laws of the state in which the work is to be performed or of the state in which Contractor is obligated to pay compensation to employees engaged in the performance of the work. The policy limit under the Employer's Liability Insurance section shall not be less than One Hundred Thousand Dollars ($100,000) for any one accident; and

(b) Comprehensive Bodily Injury and Property Damage Liability Insurance covering the work, the performance of the work and everything incidental thereto, with Bodily Injury (including death) and Property Damage limits of not less than Five Million Dollars ($5,000,000) per occurrence combined single limit. This policy shall be endorsed to cover: Contractual liability coverage, completed operations coverage, and broad form property damage endorsement; and

(c) Automobile Public Liability and Property Damage Insurance, including coverage on owned, hired, and non-owned automobiles and other vehicles, if used in connection with the performance of the work, with Bodily Injury and Property Damage limits of not less than One Million Dollars ($1,000,000) per occurrence combined single limit; and

(d) Such other insurance as may be required elsewhere in the Agreement documents.

The FDIC shall be named as Additional Insured under Contractor's Comprehensive Bodily Injury and Property Damage Liability Insurance, and Automobile Public Liability and Property Damage Insurance coverage. Contractor's insurance shall be primary.

7.5.8-02 - Certificates of Insurance - July 2008

Contractor must provide to the Contracting Officer, no later than ten (10) calendar days after the date of execution, a Certificate of Insurance, identifying the required types of insurance and dollar limits. The Certificate of Insurance must include the following FDIC mailing address and reference the contract number:

Federal Deposit Insurance Corporation
Attention: Marcelle Brown E4118
3501 Fairfax Drive
Arlington, VA 22226

Reference: Contract No. CORHQ-13-C-XXXX

Contractor must have its insurance carrier or carriers certify to the FDIC that all insurance required is in force, such certificates to stipulate that the insurance will not be cancelled or substantially changed without thirty (30) days prior notice by Certified Mail to the FDIC Contracting Officer.

Upon request of the Contracting Officer, Contractor must provide the FDIC with a binder or a copy of the original insurance policy.

7.5.14-01 - Disputes - June 2012

Except as otherwise provided in this award, any factual dispute arising under this award, which is not disposed of by agreement, will be decided by the Contracting Officer. The Contracting Officer must, within 60 days, decide the claim or notify the contractor of the date by which the decision will be made. The Contracting Officer will furnish the contractor with a copy of the written decision.

The decision of the Contracting Officer is final and conclusive unless the contractor submits a written request for appeal of the decision to the Division of Administration, Acquisition Services Branch (ASB), Deputy Director, within 60 days from receipt of the Contracting Officer decision. The ASB Deputy Director must, within 30 days, decide the claim or notify the contractor of the date by which the decision will be made. The decision of the ASB Deputy Director is final and conclusive unless a court of competent jurisdiction finds the decision fraudulent, arbitrary and capricious, so grossly erroneous as to imply bad faith, or not supported by substantial evidence. The contractor has 180 days from the date of the ASB Deputy Director's decision to appeal to a court of competent jurisdiction.

Contractor will be afforded an opportunity to be heard and to offer evidence in support of its appeal, if it requests.

Pending final decision of a dispute, Contractor remains obligated to proceed diligently with the performance of the contract, in accordance with the Contracting Officer's decision.

Questions of law may be considered in deciding disputes under the process described above. However, consideration of questions of law by any administrative official, representative or board is not a final decision, and is not to be construed as one.

7.0.1-02 - Clauses Incorporated by Reference - October 2008

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. The full text of a contract clause is available in Module 7 of the document entitled Procedures, Guidance and Information (PGI), which may be accessed electronically at the FDIC website: www.fdic.gov/buying/goods/acquisition/index.html.

7.3.2-72 - FDIC Contracting Capacity - Contracts/Task Orders/Delivery Orders - July 2009

FDIC is acting in its corporate capacity for this award and will execute it in this capacity throughout the period of performance.

7.6.4-04 - Fair Inclusion of Women and Minorities - August 2011

(a) Contractor confirms its commitment to equal opportunity in employment and contracting. To implement this commitment, the Contractor shall ensure, to the maximum extent possible consistent with applicable law, the fair inclusion of minorities and women in its workforce. The Contractor shall insert the substance of this clause in all subcontracts under this Contract whose dollar value exceeds $100,000. Within ten business days of a written request from the Contracting Officer, or such longer time as the Contracting Officer determines, and without any additional consideration required from FDIC, the Contractor shall provide documentation, satisfactory to FDIC, of the actions it (and as applicable, its subcontractors) has undertaken to demonstrate its good faith effort to comply with the aforementioned provisions. For purposes of this contract, "good faith effort" may include actions by the contractor intended to identify and, if present, remove barriers to minority and women employment or expansion of employment opportunities for minorities and women within its workforce. Efforts to remove such barriers may include, but are not limited to, recruiting minorities and women, providing job-related training, or other activity that could lead to those results.

(b) The documentation requested by the Contracting Officer to demonstrate "good faith effort" may include, but is not limited to, one or more of the following:

1. The total number of Contractor's employees, and the number of minority and women employees, by race, ethnicity, and gender (e.g., an EEO-1);
2. A list of subcontract awards under the Contract that includes: dollar amount, date of award, and subcontractor's minority and/or gender ownership status;
3. Information similar to that required in item 1, above, with respect to each subcontractor with a subcontract value that exceeds $100,000; and/or
4. The Contractor's plan to ensure that minorities and women have appropriate opportunities to enter and advance within its workforce, including outreach efforts.

(c) Consistent with Section 342(c)(3) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010) (Dodd-Frank Act), a failure to demonstrate to the Director of FDIC's Office of

Minority and Women Inclusion such good faith efforts to include minorities and women in the Contractor's workforce (and as applicable, the workforce of its subcontractors), may result in termination of the Contract for default, referral to the Office of Federal Contract Compliance Programs, or other appropriate action.

(d) For purposes of this clause, the terms "minority," "minority-owned business" and "women-owned business" shall have the meanings set forth in Section 342(g) of the Dodd-Frank Act.

(e) Contractor must provide the following certification to the Contracting Officer, annually, no later than the anniversary of the effective date of the Contract or ordering agreement.

Contract Number:____________________
Contractor Name:____________________________________

Certification Regarding Fair Inclusion of Minorities and Women

The Contractor certifies to the following: [ ] Yes [ ] No

(1) It is committed to equal opportunity in employment and contracting.
(2) It has made and will continue to make, or will make during the course of this contract, a good faith effort to ensure, to the maximum extent possible, the fair inclusion of minorities and women in its workforce and in the workforces of its applicable subcontractors,
(3) For purposes of this certification,
"minority" shall have the meaning set forth in Section 342 (g) of the Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010); and
"Applicable Subcontractor" refers to all tiers of subcontractors under this contract whose subcontract exceeds $100,000 in value; and
"Good faith effort," may include actions by the contractor intended to indentify and, if present, remove barriers to minority and women within its workforce or expand employment opportunities for minorities and women within its workforce. Efforts to remove such barriers or expand employment opportunities may include, but are not limited to, recruiting minorities and women, providing job-related training, or other activity that could lead to those results.

If the Contractor answers "No" to the certification above, an explanation must be provided:

____
____
____

Section J - List of Attachments

The table below lists all of the attachments for Section J which start on the following page

Order of Appearance	Name
Attachments B-1	B - 1 Price Schedule
Attachments J-1	J - 1 Satement of Work and Appendices
Attachments J-2	J - 2 Key Personnel Listing

Attachments for this section start after this page.

Third Party Administrator Services
(Employee Benefits and Training Programs)

Statement of Work

I. Introduction/Scope

This is to request proposals from Offerors to provide third party administrator services necessary to administer certain employee benefits and training programs of the Federal Deposit Insurance Corporation (FDIC). The services requested of a contractor, referred to as a Third Party Administrator (TPA) are as follows:

1. Systems development and maintenance, to facilitate interface with support data systems, new employee on-boarding, online self-service enrollment, enrollee recordkeeping, and/or related administrative services for the:
    - "FDIC Choice" flexible cafeteria benefits program, including claims processing services for Dependent Care and Health Care Flexible Spending Accounts,
    - FDIC Dental Insurance for Retirees,
    - FDIC Basic Life Insurance for Retirees,
    - FDIC Domestic Partner Program (including Health Insurance Premium Reimbursement),
    - FDIC Parking Flexible Spending Account (including claims processing),
    - FDIC Professional Learning Accounts Program (including Career Development Plan processing), and
    - FDIC Benefits Hotline Call Center.
2. Administrative services:
    - for billing and accounts receivable activities related to continuing FDIC Dental Insurance (covering retirees and surviving dependents)
    - for claims processing activities related to the Health Insurance Premium Reimbursement provision of the Domestic Partner Program, and
    - in support of FDIC's semi-annually reimbursing a portion of health premiums paid by certain retirees who accepted buyouts in years 1994 through 1996 and eligible re-employed annuitants.
3. Operate the FDIC Benefits Hotline Call Center to provide ongoing customer support services to employees, retirees, surviving dependents and administrators/supervisors regarding both FDIC-sponsored benefits and Federally-sponsored benefits. The TPA shall furnish all labor, materials and services necessary to successfully complete the

required work/operations including qualified personnel, office space, office furniture and fixtures, toll-free phone lines including one for hearing impaired individuals, FAX lines and equipment, voicemail accounts, email accounts, office supplies, computers and software, and other items needed for successful accomplishment of this requirement.

4. Comply with Information Technology Security and Privacy Requirements. Establish a contingency plan with either a backup site at a location acceptable to the FDIC, or other alternative contingency operations acceptable to the FDIC in the event of disruption in operation at the primary site.

The TPA shall have the required web-based administration systems and call center operational by November 1, 2013 and shall conduct full testing before December 15, 2013.

II. Background

The Federal Deposit Insurance Corporation

An Act of Congress in 1933 established the Federal Deposit Insurance Corporation (FDIC). As an independent Federal regulatory agency, the purpose of the FDIC is to protect depositors of all banks insured by the FDIC and to promote generally accepted banking principles throughout the banking industry.

FDIC is headquartered in Washington, DC, and has five Regional Offices in the following locations: Atlanta, Boston/New York, Chicago, Dallas/Memphis, Kansas City and San Francisco. Numerous field offices are dispersed throughout the Regional locations.

About 2,500 of FDIC's current 7,700 employees are located in Washington, DC. Almost all FDIC employees are in professional positions involving finance, accounting, bank examination, and economics or administrative support positions.

The FDIC receives no direct appropriations from Congress. Funding for FDIC operations is primarily derived from assessments collected from insured banks and interest earned on a portfolio of U.S. Treasury securities.

FDIC has independent authority granted to some non-appropriated agencies by Congress to set pay and to offer benefit programs to employees that are in addition to benefits generally available to Federal employees. FDIC-sponsored benefits include dental, vision, basic and supplemental life, and long-term disability insurances, and health and dependent care flexible spending accounts under FDIC Choice; a domestic partner program, a parking flexible spending account program; a 401(k) savings plan; and a program that funds training expenses. There are approximately 3,500 retirees and surviving dependents who have continued FDIC-sponsored dental and approximately 3,200 who have continued FDIC-sponsored life insurance benefits.

Federal-sponsored benefits available to FDIC employees include a myriad of health benefit plans of every type under the Federal Employees Health Benefits Program, the Federal Dental and Vision Program, the Federal Long Term Care Program, the Federal Employees Group Life Insurance Program, and the Federal Thrift Savings Plan.

FDIC recognizes the representation of, and enters into good faith bargaining with, the National Treasury Employees Union (NTEU). Pay and benefits are among the issues that

FDIC and NTEU negotiate on a regular basis. The existing FDIC-NTEU Compensation Agreement will be in place through December 31, 2013. However, if there is not an agreed-upon successor agreement by that date, the provisions of the existing agreement will be in effect until such a successor agreement is in effect or until December 31, 2014, whichever comes first. Current benefits as described in this document may be modified as a result of a new agreement.

The outsourcing services required for benefits administration shall cover all FDIC eligible active employees, retirees and surviving dependents, as applicable, nationwide.

Flexible Cafeteria Benefits Program – FDIC Choice

On January 1, 2002, FDIC implemented "FDIC Choice," an Internal Revenue Code Section 125 plan that includes the FDIC-sponsored benefits: dental, vision, life, and long-term disability insurances; and flexible spending accounts for health care and dependent care.

Since FDIC is a governmental entity, FDIC benefits are not covered by provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, none of the associated ERISA rights are applicable to the provisions of the "FDIC Choice" benefits plans. The terms of the plans may be changed at any time, subject to negotiation with, or notification of, the NTEU, including revisions to comply with changes or clarifications of applicable laws and regulations.

The plans and programs of FDIC Choice are administered through a TPA that offers customized web-based enrollment processes for elections by new employees, for annual open enrollment elections and for changes due to permitted life events throughout the Plan Year. The TPA also handles claims administration for the health care and dependent care flexible spending accounts.

A detailed summary of the plan and a description of the work required by the Contractor as a TPA and FSA Administrator for FDIC Choice benefits are outlined in Sections III.A and IV.A of this document.

FDIC Dental and FDIC Basic Life Insurance Plans for Retirees

FDIC Choice benefits are open to active employees only. All FDIC Choice benefits cease upon retirement. An employee who has been enrolled for five (5) consecutive years immediately preceding retirement, or has been enrolled for the full period for which eligible, may continue to be covered by FDIC Dental, Standard Option, and FDIC Basic Life Insurance in retirement. Detailed summaries of the plans and descriptions of the work required by the TPA relative to retiree benefits plan administration are outlined in Sections III.B and IV.B of this document.

FDIC Domestic Partner Program

Effective January 1, 2009, the FDIC implemented a Domestic Partner Program for employees and retirees. The FDIC Domestic Partner Program ("DP Program") enables eligible active employees to cover their same sex or opposite sex domestic partners and/or the domestic partner's children for FDIC Dental, Vision, and Life Insurance Options 2 and 3, when the domestic partnership meets certain requirements. Eligible active employees may also receive the Health Insurance Premium Reimbursement (HIPR), which is a reimbursement to the employee for a portion of the premium cost of non-subsidized health insurance on the domestic partner and /or the domestic partner's eligible dependent children. The TPA shall implement processes and procedures to reimburse the premium costs to eligible employees on a quarterly basis.

Eligible retirees may cover a domestic partner and/or the domestic partner's eligible dependent children for FDIC Dental Standard benefits. The HIPR Program is not applicable to retirees.

Administration of domestic partner benefits includes enrollment, billing, and reimbursement processing. A description of the work required by the TPA for the Domestic Partner Program is outlined in Section III.C and Section IV.D, Appendices 6 and 7 of this document.

FDIC Parking Flexible Spending Account Program

Beginning January 1, 2011, the FDIC Parking Flexible Spending Account Program ("Parking FSA") was established for eligible employees to pay for parking at agency locations on a pre-tax basis. The FDIC Parking FSA Program is intended to qualify as a "qualified parking" program within the meaning of section 132(f) of the Internal Revenue Code.

Employees located in offices where free parking is not offered by FDIC, and is not otherwise available, or who are not assigned parking in the immediate vicinity of their office and do not accept free parking in an alternative location, are eligible to participate in the FDIC Parking FSA Program. The Parking FSA Program allows eligible employees to have money deducted from biweekly pay on a pre-tax basis to cover qualified parking expenses, up to the maximum amount specified by the Internal Revenue Service (IRS).

A description of the work required by the TPA for the Parking FSA Program is outlined in Section IV.D, Appendix 8 of this document.

FDIC Professional Learning Accounts Program

FDIC's Corporate University is currently operating the Professional Learning Accounts (PLA) Program and it is administered in the same online web-based environment as is utilized to administer the FDIC Choice Plan, with the capability of online completion of FDIC's Career Development Plan (CDP).

The PLA Program consists of an allocation of time and money to pursue training and travel expenses if necessary. Each eligible employee has a PLA containing a specified annual amount of money and/or hours that is managed in partnership with the supervisor for use towards learning goals. A CDP is a personal development strategy that identifies an employee's career goals and/or developmental needs along with a strategy for achieving them and must be completed and approved each calendar year in order to utilize PLA training and funding. An employee cannot request training until a CDP is approved by the supervisor.

Through the secure training requisition and administration solution, the FDIC's employees, supervisors and administrators manage their respective online training request workflows relative to external training: (1) Requisitioning; (2) Business Rules; (3) Supervisors' approval/denial workflows; (4) Administrator expense payment tracking; (5) Employee, Supervisor, Administrator and Management reporting; (6) Online evaluation notice, completion and submission; (7) various administrative functions (i.e. training cancellation processing, employee separation processing); and (8) Toll-free customer service.

A description of the work required by the TPA for the PLA Program is outlined in Section IV.E, Appendix 9 of this document.

FDIC Benefits Hotline Call Center

FDIC Benefits Specialists located in Headquarters Benefits Center (i.e., Washington, D.C.) have primary responsibility for providing centralized delivery of benefits information, counseling and educational services to employees, retirees, and surviving dependents nationwide. FDIC employees, retirees, and surviving dependents are located throughout the United States in over 75 locations outside of the Washington, D.C. metropolitan area. Service to be provided for inquiries, referrals and necessary assistance relate to both FDIC-sponsored benefits and Federally-sponsored benefits.

The Benefits Center operates under a three-tier system of benefits delivery to provide fast, accurate, high-quality service to employees, retirees and surviving dependents. FDIC employees are first expected to "self-service" their benefits questions, using online resources and telephonic sources for quick answers to questions and for updating personal information and benefits easily. The TPA's Benefits Hotline Call Center staff shall act as a second level of service delivery in the three-tier system. Operation of these two tiers of service reduce the degree of resolution necessary by the FDIC Benefits Specialists, allowing them to focus primarily on the more detailed and difficult benefits delivery processes as the third tier.

A description of the work required by the TPA's Benefits Hotline Call Center staff is outlined in Sections IV.F and Appendices 10 and 11 of this document.

Health Benefits Premium Reimbursement to Certain Retirees

Two groups of retirees are eligible for a reimbursement from the FDIC to offset the cost of their group health insurance coverage under the Federal Employee Health Benefits (FEHB) Program:

- 94-96 Buyout Retirees
- Certain Re-employed Annuitants

As part of buyout offers in 1994 through 1996, when FDIC provided health benefits independently from the Federal Employees Health Benefits Program (FEHBP), retirees were advised that they would continue to pay the same premium for their health insurance coverage as active FDIC employees. When FDIC rejoined the FEHBP in 1997, where Federal annuitants pay a larger portion of the premium, FDIC devised a process to reimburse these "buyout retirees" for the difference between the Federal annuitant health premium rate and the FDIC employee health premium rate. The TPA shall implement processes and procedures to reimburse the additional FDIC premium contribution to the affected annuitants semi-annually on a prospective basis.

FDIC reimburses only re-employed annuitants who are paying retiree rates for their FEHB premiums. FDIC active employees pay a lower rate for FEHB coverage than the "regular" government rate but when they become retirees the same rate applies as for all other government retirees. When retirees are re-employed as active FDIC employees, FDIC will reimburse the difference in the higher retiree rate to the active rate. The TPA shall implement processes and procedures to reimburse the additional FDIC premium contribution to the affected annuitants semi-annually on a retroactive basis.

A description of the work required by the TPA to administer the reimbursement of FEHBP premiums is outlined in Section IV.G and Appendix 13, of this document.

Contract Period of Performance and Option Periods

The contract shall contain a "transition period" from August 1, 2013 thru December 31, 2013, in which there will be two contracts in operation. The five-month "transition period" is necessary to coordinate the "start-up" processes if the contract is awarded to a new vendor. The existing contractor will continue to provide employee benefits administration services that include online enrollment processes and a myriad of administrative support services, in addition to transferring and reconciling data necessary for "start-up" in the event that the contract is awarded to a new vendor.

The fully-operational Period of Performance for a three-year base contract shall commence on January 1, 2014 and end on December 31, 2016. The contract shall contain two (2) one-year Option Periods for possible extension by FDIC until December 31, 2018.

III. Plan Administration Summaries

A. Flexible Cafeteria Benefits Program (FDIC Choice)

Appendix 1, **Description of the FDIC Choice Plan,** contains details about the FDIC Choice Plan provisions and options for each benefit program. The programs described therein are the only programs that shall be administered as components of the FDIC Choice Plan, which is intended to qualify as a "cafeteria plan" within the meaning of Section 125 of the Internal Revenue Code. FDIC-sponsored dental and life insurance plans for retirees are not administered as components of FDIC Choice. Additionally, FDIC Choice does not offer any health insurance plan coverage.

1. FDIC Choice Plan TPA Service Requirements

Appendix 2, **FDIC Choice Plan TPA Administrative Services Requirements,** describes the administrative services that the TPA shall perform to administer the FDIC Choice Plan. The required administrative services primarily consist of plan enrollment and recordkeeping activities, electronic communications, with customer support for troubleshooting and corrective measures. The TPA shall develop electronic enrollment, customer support and recordkeeping tools and systems that feed from CHRIS (the FDIC personnel records system) and to the FDIC payroll office of record (the National Finance Center) to the Dental and Vision Insurance carriers, and to the Life Insurance carrier (only for Statement of Health/Evidence of Insurability completion purposes.) No individual employee enrollment data is transmitted to the Life Insurance and Long-Term Disability Insurance carriers.

2. TPA Recordkeeping System Data Required

Information in Appendix 3, **TPA Recordkeeping System Data Required,** comprises the employee, enrollment and contribution data that the TPA shall establish and maintain for the FDIC Choice Plan. The data identified will be provided to the TPA by the FDIC's Payroll System (the National Finance Center), by FDIC, and the current TPA based on existing records. The newly-awarded TPA shall develop the FDIC Choice Plan recordkeeping system to capture additional data on an ongoing basis.

3. The National Finance Center – FDIC's Payroll Office

FDIC contracts for payroll services with the National Finance Center (NFC), which is located in New Orleans, Louisiana, and is the operational component of the United States Department of Agriculture's (USDA) Office of the Chief Financial Officer. The NFC performs administrative and financial services, including consolidated payroll, personnel, voucher and invoice payment, and systems support for approximately 120 Government agencies.

NFC currently serves as FDIC's payroll accounting office and maintains employee data for administering compensation and benefits programs. NFC deducts from pay for the employee portion of premium costs. NFC partners with FDIC and the TPA to provide the required services to effectively administer the FDIC Choice Plan. Appendix 4, **Information About the National Finance Center (NFC) and System Requirements,** describes the NFC and its role.

B. FDIC Dental and FDIC Basic Life Insurance Plans for Retirees

Employees may continue dental and life insurance coverage into retirement if they meet certain conditions. Currently, survivors of retirees enrolled in Dental Self & Family coverage may continue as long as the benefit is offered. A covered FDIC retiree who is re-employed may maintain the retiree coverage(s) or choose to enroll for coverages offered as an active employee.

Appendix 5, **Administrative Services Requirements for Retiree Dental and Basic Life Insurance Plans,** details the coverage provisions of the plans and the recordkeeping and reporting requirements to be performed by the TPA. **Billing and Payment Services for Dental Plan** are detailed in Section IV, Appendix 12.

C. FDIC Domestic Partner Program

An employee and the employee's domestic partner shall complete and submit a **"Declaration of Domestic Partnership"** form to certify that the domestic partnership meets all the required criteria to qualify for participation under the FDIC's Domestic Partner Program. Once approved to participate, the employee may enroll for eligible benefits through the electronic enrollment system, which will be pended for approval. Under Federal law, if a domestic partner and/or the domestic partner's eligible dependent children do not qualify as the employee's tax dependent for health coverage purposes, the portion of the employee premium for the domestic partner's/children's FDIC Dental and/or Vision coverage must be paid on a post-tax basis. The value of such coverage is considered imputed income subject to taxation, less any post-tax premiums that the employee pays for that coverage. Appendix 6,

Administrative Services Requirements for the FDIC Domestic Partner Program, contains details about DP Program provisions and describes the application, approval, billing and premium payment processes for eligible employees and retirees to be performed by the TPA.

A component of the DP Program is the FDIC Domestic Partner Health Insurance Premium Reimbursement (HIPR). Under this provision, eligible employees are those who are enrolled in the Federal Employees Health Benefits Program and whose domestic partner and/or the children of the domestic partner are covered by non-subsidized health insurance. An eligible employee may be reimbursed for a portion of the premiums incurred and paid for the cost of such health insurance coverage. Health insurance is non-subsidized if the employee or the domestic partner pays the full cost of the health insurance coverage for the domestic partner and/or the domestic partner's children; no third party, such as an employer or a government agency/program (e.g., Medicare/Medicaid), pays any portion of the premium; nor is the policy provided at below-market rates. HIPR is paid quarterly, after the employee completes an online reimbursement request and submits proof of payment for the non-subsidized health insurance within the previous three months. The HIPR payment is taxable income that will be included on an employee's W-2 and will be subject to Federal, state/local income taxes and employment taxes (FICA and Medicare). Appendix 7, details the eligibility determination, application, claims and reimbursement procedures and the **Administrative Services Requirements for Health Insurance Reimbursement (HIPR).**

The FDIC Domestic Partner Program also provides benefits relative to the FDIC Relocation Travel Program and FDIC Business Travel Accident Insurance Program when the domestic partnership meets certain requirements. The TPA/contractor is not required to perform any services related to the travel programs.

Employees are encouraged to seek the guidance of a tax advisor if they are considering enrolling under the FDIC Domestic Partner Program. Unless the domestic partner or the domestic partner's children are also tax-qualified dependents, they may not be enrolled in the FDIC sponsored FSAs or the Federal Employees Health Benefits Program.

If the employee dies in service, FDIC Dental Insurance continues for the domestic partner and/or eligible children for a period of up to two years.

D. FDIC Parking Flexible Spending Account

The enrollment, recordkeeping and expense reimbursement requirements for the Parking FSA are conducted by the TPA in similar concept and operation to health care and dependent care flexible spending accounts for FDIC Choice. Appendix 8, **Administrative Services Requirements for FDIC Parking Flexible Spending Account,** details the operations and administrative services that the TPA shall perform.

E. FDIC Professional Learning Accounts (PLA) Program

Appendix 9, **Administrative Services Requirements for FDIC Professional Learning Accounts (PLA),** describes the administrative services that the TPA shall perform to implement and maintain the PLA Program.

F. FDIC Benefits Hotline Call Center

1. Service Delivery

The TPA's Benefits Hotline staff shall act as the second level of service delivery in FDIC's three-tier system of benefits delivery. The TPA's Benefits Hotline shall respond to basic questions about both FDIC-sponsored benefits and Federally-sponsored benefits from employees, retirees, surviving dependents and covered dependents. Also, the TPA's Benefits Hotline staff shall refer inquiries to and seek assistance from the Benefits Center staff as necessary.

Appendix 10, **Benefits Hotline Call Center Service Delivery,** outlines the service to be delivered from the operation of the Benefits Hotline Call Center.

2. Performance Requirements

The TPA shall ensure the information provided to inquirers is consistent and accurate. The Benefits Hotline shall be operated from Monday through Friday between the hours of 8:30 a.m. and 8:00 p.m., Eastern Time, excluding federal holidays. Appendix 11, **Benefits Hotline Performance Requirements,** outlines the specific performance standards applicable to the required services.

G. Supplemental Administrative Services Required

Utilizing retiree participation and surviving dependent data, the TPA shall provide billing and payment services in support of the FDIC Dental Plan for Retirees and coverage continuation for surviving dependents, as well as Health Benefits Premium Reimbursement to Certain Retirees. Survivors of employees enrolled in a Dental Self & Family enrollment may continue coverage for up to twenty-four months following the employee's death.

1. Billing and Payment Services FDIC Dental Plan

FDIC retirees and surviving dependents of employees and retirees pay a portion of the premium for dental coverage. The billing and payment processes required are outlined in Appendix 12.

2. Health Benefits Premium Reimbursement to Certain Retirees

FEHB premiums are withheld from a retiree's annuity payment by the U.S. Office of Personnel Management. On a semi-annual basis, the FDIC reimburses certain retirees for the additional premium contribution, above the FDIC employee premium rate, withheld by U.S. OPM. The services outlined in Appendix 13 are required to conduct the reimbursement payments.

H. Infrastructure/Security Requirements

Security requirements shall be satisfied by the TPA relative to the applications and systems employed for implementation and maintenance of the plans and programs outlined in this document. The Security requirements shall be applied according to considerations necessary to satisfy the Government Accounting Office (GAO) standards and FDIC.

Electronic and information technology must conform to and be in compliance with the applicable provisions of the Architectural and Transportation Barriers Compliance Board's Electronic and Information Technology Accessibility Standards.

The following measures will also apply:

1. **Integrity and Fitness Background Investigations** – Investigations shall be conducted for all contractor and subcontractor key personnel.

2. **Risk Level Designation** – The risk level assigned based on the requested services is MODERATE.

3. **Confidentiality Agreement** – Contractor and personnel shall be required to execute a confidentiality agreement.

4. **HIPAA (Health Insurance Portability and Accountability Act) Business Associate Agreement** – The contractor shall be required to execute a HIPAA business associate agreement with the FDIC that specifies applicable HIPAA privacy and security provisions to which the contractor and its systems must adhere.

IV. Appendices to Statement of Work

A. Flexible Cafeteria Benefits Program – FDIC Choice

Appendix 1: Description of the FDIC Choice Plan

Appendix 2: FDIC Choice Plan TPA Administrative Services Requirements

Appendix 3: TPA Recordkeeping System Data Required

Appendix 4: Information about the National Finance Center (NFC) and System Requirements

B. FDIC Dental and Basic Life Insurance Plans for Retirees

Appendix 5: Administrative Services Requirements for Retiree Plans

C. FDIC Domestic Partner Program

Appendix 6: Administrative Services Requirements for DP Program

Appendix 7: Administrative Services Requirements for Health Insurance Premium Reimbursement

D. FDIC Parking Flexible Spending Account

Appendix 8: Administrative Services Requirements for Parking Flexible Spending Account

E. FDIC Professional Learning Accounts

Appendix 9: Administrative Services Requirements for PLA

F. FDIC Benefits Hotline Call Center

Appendix 10: Benefits Hotline Service Delivery

Appendix 11: Benefits Hotline Performance Requirements

G. Supplemental Administrative Services Requirements

Appendix 12: Billing and Payment Services for FDIC Dental Plan

Appendix 13: Health Benefits Premium Reimbursement to Certain Retirees

Appendix 1

Description of FDIC Choice Plan

Health benefits coverage is *not* a plan option of the FDIC Choice Plan. Eligible FDIC employees and retirees may participate in the Federal Employees Health Benefits (FEHB) Program, which offers considerable nationwide plan choice. The TPA will not be required to develop online enrollment capability for enrollment and enrollment changes under the FEHB Program.

The FDIC Choice Plan involves the use of employee elections (pre-tax except for some life insurance options) and credits. "Choice Credits" obtained from "waiving" or "opting out" of certain FDIC Choice coverages are paid to employees as taxable cash, which theoretically can be used to offset contributions required when enrolled for other plan benefits options.

Dual enrollment is prohibited. Married/domestic partner enrollees may elect Dental and/or Vision Self-Only coverage for each enrollee or Self & Family coverage per couple. With respect to the FDIC Life Insurance Plan, an enrollee who is married to or the domestic partner of another enrollee may not elect Option 2, Spouse/Domestic Partner Life Insurance, to cover the spouse or domestic partner.

Survivors of employees enrolled in a Dental Self & Family enrollment may continue coverage for up to twenty-four months following the employee's death.

Due to a 12-day lag in the processing of payroll by NFC and to comply with the IRS rule that a salary reduction for a benefit will occur in the same Plan Year that the benefit is available, FDIC Choice benefits premiums have been compressed into 25 pay periods (starting with pay period 26 and ending with pay period 24). No premiums are deducted from employee pay in pay period 25.

Benefits coverage options in the FDIC Flexible Benefits Cafeteria Program are as follows:

1. **FDIC Dental** (An employee contribution is required for any coverage option elected.)
    a) Standard Option (Indemnity Plan)
    b) High Option (Enhanced Plan)
    c) Low Option (Managed Care Plan)
    d) Waive Coverage and receive Choice Credits
2. **FDIC Vision** (An employee contribution is required for any coverage option elected.)
    a) Standard Option (Managed Care Plan)
    b) High Option (Enhanced Plan)
    c) Waive Coverage and receive Choice Credits

A vision election applies for a two-year period.

3. **FDIC Life Insurance**

   a) FDIC Non-Executive Basic Life (No employee contribution required unless also enrolled in the Federal Employees Group Life Insurance (FEGLI) Program.)

   b) FDIC Executive Level (grandfathered) and Executive Manager Basic Life (former Executive Level and current Executive Manager employees may select varying levels of Basic Life coverage with no employee contribution required unless also enrolled in the FEGLI Program.)

   c) Waive Basic Life Coverage and receive Choice Credits, unless also enrolled in FEGLI Program.

   d) FDIC Employee Life, Option 1 (Requires employee contribution)

   e) FDIC Spouse/Domestic Partner Life, Option 2A and Option 2B (Requires employee contribution)

   f) FDIC Family Life, Option 3 (Requires employee contribution)

   g) Waive Option 1, 2 or 3 coverage with no receipt of Choice Credits

   Federal Group Life Insurance (FEGLI) Program Coverage

   The FEGLI Program is not an elective component of the FDIC Choice Plan. The FEGLI Program enrollment data will be maintained and compared with FDIC Basic Life Insurance coverage elections to determine and coordinate appropriate FDIC employer contributions and employee deductions for FDIC Basic Life coverage or credits for opting out of FDIC Basic Life Insurance.

   Evidence of Insurability

   Certain life insurance elections require Medical Evidence of Insurability approval before elected coverages become effective.

4. **FDIC Long-Term Disability Insurance (LTD)**

   a) Standard Option (No employee contribution required. Enrollment in this level of coverage is automatic and mandatory for all eligible permanent employees. There is no "lower-level" or "waiver" provision available.)

   b) High Option (Requires employee contributions)

5. **FDIC Flexible Spending Accounts** (Requires employee contributions)

   a) Health Care Spending Account up to an annual maximum of $2,500

   b) Dependent Care Spending Account up to an annual maximum of $5,000

   Health Savings Account Enrollment

   The FEHB Program coverage is not an elective component of FDIC Choice. However, FEHB High-Deductible Health Plan with a Health Savings Account enrollment data will be maintained and compared with Health Care Spending Account elections to ensure there is no dual enrollment, per IRS regulations.

The following "Benefits Eligibility Chart" delineates the FDIC benefits programs and the approximate number of employees that are eligible to be covered under each program. Those programs that may be elected under the FDIC Choice Plan are shown under the "Flexible Cafeteria Benefits Program" subheading.

Benefits Eligibility Chart

Appt. Type	# of EEs	FDIC Choice - Flexible Cafeteria Benefits Program						Federal Benefits[1]		PLA[2]
		Dental Insurance Program	Vision Insurance Program	Long-Term Disability Program	FDIC Life Insurance Program	FSA-Dependent Care	FSA - Health Care	FEGLI (Group Life)	FEHB (Health)	
Executive	??	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Career/ Permanent	????	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Temporary Appointment of Greater than One Year	????	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Temporary Appointment of One Year	??	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes
Temporary Appointment of Less than One Year	?	No	No	No	No	Yes	Yes	No	No	Yes
Presidential Appointees	4	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

[1] FEGLI and FEHB enrollment data is required for proper administration of FDIC Basic Life Insurance and the Health care FSAs.

[2] Student interns and employees pursuing commissioning are excluded.

Appendix 2

FDIC Choice Plan TPA Administrative Services Requirements

A. Transition Period (August 1- December 31, 2013)

Initial Transfer of Personal and Enrollment Data to New TPA

NFC, FDIC, and the current TPA will transfer existing personal and enrollment data into the new TPA's recordkeeping system so that enrollment format and access can be developed for each employee in the various plans. The transfer shall be performed electronically according to a process agreed upon by all parties.

The required employee data to be provided to the TPA is shown in Appendix 3, "TPA Recordkeeping System Data Required."

FDIC shall verify all insurance premium rates and employee contribution amounts and credits with the TPA.

Throughout the "transition period" the existing TPA will continue to perform enrollment, recordkeeping and administrative processes as contracted

Enrollment System and Customer Service Support Development

The current contractor will conduct the enrollment and enrollment change elections process for the 2013 Open Enrollment. However, the newly awarded TPA/contractor will meet the systems development requirements as outlined. The TPA shall have the required web-based administration system operational by November 1, 2013 and shall conduct full testing before December 15, 2013, in order to be fully operational as of January 1, 2014.

Prior to 2014 Contract Start

With transferred data, the new TPA shall develop mechanisms to deliver enrollment and administrative services as follows:

1. A secure web-enabled benefits enrollment and management system (PIN, password, etc.) with the following capability:

    a. Accessible 24 hours a day

    b. Apply plan provisions, business rules and processing controls

    c. Electronic library of reference materials and procedural documents

    d. Pending election application

    e. Test Site

    f. Three levels of access and functionality (employee/retiree, administrator, and supervisor)

    g. A "quick loading version" for access via a laptop.

h. Summary pages – "Summary of Benefits" and "FSA Balances and Claims" for example

2. A Hotline Call Center (with a toll-free telephone number with TDD; e-mail; and web site functionality)

3. Mass e-mail notification/Communications automation

4. Electronic Document Collection and Archival

5. Mailing Service

6. Interface specifications for data import and export transmission between payroll administrator and insurance carriers (including completion of Statement of Health form electronically.)

The web-enabled enrollment system shall display individual screens of data records for all classes of employees. There must be a record of personal data, an election screen, and a summary of coverages with costs applicable to each individual. An alternative identifier must be created, assigned and distributed to each enrollee to use instead of the Social Security Number.

The election application will show the options available and the required employee biweekly deductions or credits associated with each option. The TPA will produce the application using the employee data and tables of applicable employee biweekly contribution rates and credits. Algorithms will be used to calculate the applicable rate. For example: If Long Term Disability High option, then $ .xx multiplied by salary determines the contribution rate.

The rates will be based on plan type for Long Term Disability, e.g. Standard $0, High option $ .xx times salary. For Dental and Vision, the rates and credits will be based on plan and dependent election type. For example: Dental Standard Self Only $.aa, Self & Family $.bb; High Option Self Only $ .cc, Self & Family $.dd; Low Option Self Only $.ee, Self & Family $.ff; and Waive/Opt-out ($.gg).

For Optional Life Insurance, the rates will be based either on the amount elected multiplied by the applicable rate per $1 of coverage (converted from rate per $1,000) for the employee's age (determined from date of birth) or established as a percentage of salary.

A team of selected testers will make enrollment elections to test the operations and functionality of the afore-outlined requirements of the newly-developed system, during the testing period.

<u>During the 2013 Open Enrollment Period</u>

The election of coverages for the 2014 Plan Year will be conducted via the current TPA's web site. Participants may change elections anytime during the Open Enrollment Period, up to 11:59 p.m. on the last day. Because FDIC Bank Examiners have limited intranet access, the web site must provide a "quick loading" version. Employees failing to change enrollments will continue the current coverages for the plans except for the FSAs. IRS regulations require that employees make a new FSA election each Plan Year.

Prior to the start of the Open Enrollment Period, the TPA and FDIC will provide communications and reference materials to employees (including those on leave-without-pay) about enrollment system access and usage and their eligibility to elect benefits coverages. Information will be issued using several mediums including emails sent by the TPA and library of reference materials and procedural documents posted on the secured web-enabled online enrollment system.

During the open enrollment process, the current TPA's Benefits Hotline Call Center staff will respond to inquiries concerning, but not limited to, the issues shown below for all of the FDIC Choice benefits coverages (dental, vision, life insurance, LTD, and FSA), except where noted otherwise:

1. Current plans to be elected and premium costs
2. Enrollment assistance
3. Dependents eligible for coverage
4. Plan provisions, including covered services, eligible expenses, copayments, maximums, etc.

The electronic enrollments made during the Open Enrollment Period will automatically be captured in the current TPA's recordkeeping system but not transmitted to the payroll office until an established time prior to January 1st of the 2014 Plan Year. A test of transmission and application accuracy shall be conducted prior to final transmission. Also, the electronic enrollments captured each week of the 2013 Open Enrollment Period will be transmitted to the new TPA/contractor to test to test the ability of the newly-developed system to accept, process, and reconcile new enrollment data.

<u>When Open Enrollment Ends</u>

In accordance with previously identified specifications, the confirmed 2013 open enrollment elections shall be transmitted by the current TPA/contractor to the NFC and to insurance carriers for acceptance and reconciliation prior to the start of the new Plan Year.

The newly-awarded TPA and FDIC will provide communications and reference materials to employees to explain the transition and about new enrollment system access and usage. Information will be issued using several mediums including emails sent by the TPA with details about a library of reference materials and procedural documents posted on the TPA's and FDIC's web pages.

B. Ongoing Administration

Enrollment and Record Maintenance

Throughout the Plan Year, the TPA shall maintain and update data items 1-31, designated in Appendix 3, "TPA Recordkeeping System Data Required," as applicable. The records may be for employees, retirees or surviving dependents.

Classes of participants shall be established to ensure the varying eligibility and participation rules can be applied and specific benefits are made accessible for election in the enrollment system based on the rules. The system shall have the ability to transmit benefits elections throughout the Plan Year in a format agreed upon with NFC and insurance carriers.

The TPA enrollment system shall enable five types of changes and shall maintain a record of these changes in the online system.

1. **Separations** may occur due to resignation, retirement, death or involuntary termination, with the concomitant cessation of pay and deductions. The TPA's system shall terminate benefits at the end of the pay period in which the separation occurs except in the case of dental and life insurance coverage for those employees who retire and meet certain conditions for continued coverage under these benefits. Retirees shall be transferred to the appropriate retiree class in the TPA's database.

2. The enrollment system shall have the capability to create a record and produce online **enrollment for new and newly-eligible employees**. New employees have 31 days from the date of hire to elect benefits. Those failing to enroll will have no FDIC Choice benefits coverage, except for automatic enrollment by the TPA's system for Long-Term Disability Standard coverage, if eligible.

3. Under IRC Section 125, a plan participant may not change a benefit election during the year, except due to the occurrence of certain life events. FDIC Choice's qualifying life events are called **Permitted Election Changes (PECs)**. Employees who have a qualifying life event shall be permitted to make designated election changes within 60 days of the occurrence of the event that are consistent with the status change. For example, if an employee's spouse lost medical coverage, the employee would be allowed to increase the Health Care FSA election. The TPA shall program the PECs with applicable rules, as defined by FDIC, so that an employee can enroll only in benefits that are permitted due to the specified life event. The TPA shall develop a system to electronically capture and maintain the required documentation when presented by employees.

4. During an **annual open enrollment period,** employees make elections that are effective for the next Plan Year. Benefits elections made during the open enrollment are irrevocable and remain in effect for a full Plan Year unless a "Permitted Election Change" occurs.

5. The TPA's system shall automatically **make a class change** for an employee based on specified personnel actions (e.g., promotion to an Executive Manager position from a Non-Executive position; conversion to a permanent appointment from a temporary appointment of more than one year, etc.) and shall assign the correct benefits to the employee based on the new class.

The online system must have the capability to effect separations, new employee enrollments and "life events" based elections throughout the Plan Year, including enrollment and enrollment change data under the Domestic Partner Program. The annual open enrollment occurs during the fall of each year for approximately four weeks. With each type of record change, there must be the capability of adding or deleting dependents and issuing cards with alternate identifiers for dental and vision plan enrollees.

Inquiries from employees concerning benefit issues shall be addressed by the plan carriers, FDIC Benefits Hotline Call Center and FDIC personnel/benefits staff, as appropriate. To facilitate the process, the TPA shall provide web links to plan carriers' assistance sites. The TPA shall have the capability to post communications and instructional materials prepared by FDIC on the TPA web site. These materials will be used by plan participants and benefits administrators to understand plan provisions, policies and procedures.

Evidence of Insurability Processing

Certain life insurance elections require Medical Evidence of Insurability (EOI) approval before coverages will become effective. When an employee enrolls or increases coverage that requires EOI approval, the TPA system must be programmed to pend the action, provide the employee with applicable instructions regarding application completion (including linking to an online SOH completion process) , monitor the insurance carriers approval system for status, and approve or decline the pended coverage in the enrollment system according to the carrier's determination. The TPA's online system automatically shall send an electronic notification to the employee regarding the disposition of the elected coverage. This process shall be active for all plan election situations. Linking to the insurance carrier's system requires connections of system-to-system encrypted authentication for the exchange of personal data and coordination of data records.

Reports from TPA to Insurance Carriers

The TPA shall send biweekly enrollment statistics to NFC, which compares that information to its employment and pay records to determine enrollment and deduction discrepancies. The NFC sends an electronic report of discrepancies to the TPA for reconciliation with FDIC Benefits Center representatives. When reconciled, the TPA shall provide an electronic premium report to the Dental and Vision insurance carriers. No reports are sent to the Life or Long-Term Disability insurance carriers.

The initial report transmitted to the Dental and Vision insurance carriers will contain data for all employees. Thereafter, the report will provide updated data for all employees reflecting biweekly changes as well as the specified changes for all employees added (hired), or subtracted (terminated), and the changes for those employees making "status changes."

The initial report for the Dental and Vision insurance carriers must contain:

1. Name
2. Social Security Number
3. Personnel Office Indicator (POI)
4. Benefits Eligibility (Yes/No)
5. Full Time/ Part Time (hours biweekly)
6. Length and Type of Appointment
7. Status (Active, Separated, Retired)
8. Date of Birth
9. Insurance premium rate for applicable Dental and/or Vision Option

10. Dental and/or Vision Plan Code (e.g., Standard Option) and Coverage Level Code (e.g., Self & Family)

11. Dependent Data, to include:

    a) Name

    b) Relationship to Employee (Spouse, Domestic Partner, Child)

    c) Gender

    d) Date of Birth

    e) Social Security Number

    f) Full Time Student (Yes/No)

    g) Over Age Dependent (Yes/No)

The type of enrollment information and the format for TPA reporting will be determined in consultation with each carrier.

Reports to FDIC

Copies of TPA reports sent to insurers shall be available to FDIC Benefits Center personnel, either by direct inter/intranet access or by transmission of a secure electronic file transfer.

The TPA shall provide the FDIC with biweekly reports of enrollment statistics on all insurance benefits for "self-billing" purposes.

Each report shall show the total premium owed for that biweekly period.

- For the Dental, Vision and Long-Term Disability reports, premiums will be calculated by an algorithm that totals the number of employees in each rate group (e.g. Dental Standard Option, Self Only), multiplied by the premium rate for the rate group.. The subtotals for the rate groups are then totaled.
- For the Life Insurance report:
    - Basic Life Insurance, the total insurance volume, expressed in $1,000 of coverage, is multiplied by the premium rate.
    - For Option 1 and Option 2, total volume, expressed in $1,000 of coverage for each age band, e.g. age 30-35, is multiplied by the premium rate, and then the subtotals for all age bands are totaled.
    - For Option 3, each enrollment in an age band shall be multiplied by the premium rate and then the subtotals for all age bands are totaled.

The TPA will maintain Dental and Life insurance enrollment data for retirees and their dependents (dental only). Dental enrollment data for surviving dependents will also be maintained. The TPA Dental and Life insurance enrollment reports to FDIC shall contain separate data on retiree premium costs.

FDIC may request that the TPA produce other standard or customized reports.

Flexible Spending Accounts (FSA) Administration

The TPA will conduct all FSA administration including, but not limited to:

1. Maintaining records of employee elections and expected biweekly contributions
2. Claims adjudication
3. Establishing the funding process with FDIC Division of Finance
4. Quarterly electronic notices to employees to review account activity history and other communications as deemed necessary
5. Reports to FDIC Benefits Center and Division of Finance
6. Establishment and adherence to the HIPAA Business Associate Agreement and issuance of HIPAA Privacy Notice

Nondiscrimination Testing Data

The TPA will conduct a full range of discrimination tests and produce a report showing FDIC Choice Plan employer and employee contribution costs separately for "highly compensated" and for "non-highly" compensated employees (collectively and by bargaining unit).

Appendix 3

TPA Recordkeeping System Data Required

Initial Employee Data Required in Customized Enrollment Record (From NFC, FDIC and/or current TPA)

1. Social Security Number
2. First Name
3. Middle Initial
4. Last Name
5. Street Address
6. P.O. Box/Apartment Number
7. City
8. State
9. Zip Code
10. Telephone Number
11. Preferred Email Address
12. Date of Birth
13. Date of Hire
14. Status (Active, Separated, Retired)
15. Full Time/ Part Time (hours biweekly)
16. Employee Class/Type of Appointment
17. Personnel Office Identifier (POI)/FDIC Office
18. Base (Scheduled) Salary
19. Adjusted Basic Pay
20. Information on Covered Dependents
    - Name
    - Relationship to Employee (Spouse, Domestic Partner, Child)
    - Date of Birth
    - Social Security Number
    - Full Time Student (Yes/No)
    - Incapable of Self Support (Yes/No)
    - Over Age Dependent (Yes/No)
21. Dental Plan Coverage Election
22. Vision Plan Coverage Election

23. Basic Life Insurance Coverage Election (FDIC, FEGLI or Waived)
24. FDIC Optional Employee Life Insurance Coverage Election/Salary Multiple
25. FDIC Spouse/Domestic Partner Life Insurance Coverage Election
26. FDIC Family Life Insurance Coverage Election
27. Health Care Flexible Spending Account (FSA) Election/Annual Dollar Amount
28. Dependent Care FSA Election/Annual Dollar Amount
29. Health Care FSA Activity/Balance
30. Dependent Care FSA Activity/Balance
31. Pending Coverage Elections (Requiring documentation or EOI approval)

Employee Data Maintained by TPA for Ongoing Recordkeeping (In addition to items 1 through 31 above.)

32. Elections made during the 2013 Open Enrollment Period
33. History of Plan Elections and Changes that can be reported individually (Options and levels of coverage since 2002)
34. History of FSA Administration for past Plan Year
35. Plan Enrollment Data Imports and Exports
36. Salary History

Data Elements Needed in Recordkeeping System (Generated from look-up tables)

Items 1 through 31 above. In order to accommodate transmission to payroll provider, items 37-43 will each require an employer data element.

37. Dental Biweekly Contribution (Pre-tax) or Choice Credits cash payment
38. Vision Biweekly Contribution (Pre-tax) or Choice Credits cash payment
39. FDIC Basic Life Insurance Waiver with Choice Credits cash payment
40. FDIC Optional Employee Life, Spouse Life and Family Life Biweekly Contribution (Post-tax)
41. Long Term Disability Biweekly Contribution (Pre-tax)
42. Health Care FSA Biweekly Contribution (Pre-tax)
43. Dependent Care FSA Biweekly Contribution (Pre-tax)

Premium and Cost Data Needed in TPA Recordkeeping System

The following is an explanation of the benefit plan premium cost information required to be housed in the recordkeeping system in a "Look-Up Table." The appropriate rates, employer contributions, employee deductions, and credits shall then be assigned to each employee record by use of algorithms.

Plan Coverage Option Rate	Employee Deduction*	Employer Contribution*
FDIC Basic Life Insurance Rate	$0 or Premium Rate if EE has FEGLI	Premium Rate or $0 if EE has FEGLI
FDIC Basic Waiver	Credit if EE does not have FEGLI	$0
FDIC Optional Employee Life Age Band Rates (Currently 10 age bands at five year intervals from age 35 to 75 plus below 35 and above 75)	Same as Premium Rate	$0
FDIC Spouse/Domestic Partner Life Age Band Rates (Currently two options with 10 age band rates each)	Same as Premium Rate	$0
FDIC Family Life Insurance Age Band Rates (Currently one option with 10 age band rates each)	Same as Premium Rate	$0
Long Term Disability High Option Rate	Deduction Amount	Standard Option Contribution Amount
Long Term Disability Standard Option Rate	$0	Standard Option Contribution Amount
Dental Standard Option Self Only Rate	Deduction Amount	Contribution Amount
Dental Standard Option Self & Family Rate	Deduction Amount	Contribution Amount
Dental High Option Self Only Rate	Deduction Amount	Standard Self Only Contribution Amount
Dental High Option Self & Family Rate	Deduction Amount	Standard Self & Family Contribution Amount
Dental Low Option Self Only Rate	Deduction Amount	Contribution Amount
Dental Low Option Self & Family Rate	Deduction Amount	Contribution Amount
Dental Waiver	Credit	$0
Vision Standard Option Self Only Rate	Deduction Amount	Contribution Amount
Vision Standard Option Self & Family Rate	Deduction Amount	Contribution Amount
Vision High Option Self Only Rate	Deduction Amount	Standard Self Only Contribution Amount
Vision High Option Self & Family Rate	Deduction Amount	Standard Self & Family Contribution Amount
Vision Waiver	Credit	$0

* Actual amounts for premium rates, employee deductions and employer contributions will be provided to the TPA by FDIC.

In addition, the table will contain the separate maximum coverage amounts and the separate guaranteed issue amounts for each life insurance coverage.

The TPA will provide biweekly reports to FDIC Benefits Plan Oversight Managers showing enrollment and coverage selection statistics, by enrollee, for each plan, based on applicable deduction and rate information. NFC will deduct the premiums from employee pay and send the employee deductions and the employer contributions to a specified account at the FDIC's Division of Finance, by way of electronic funds transfer (EFT), biweekly. The FDIC will transfer the appropriate funds to each plan carrier based on the TPA reports.

Appendix 4

Information about the National Finance Center (NFC) and System Requirements

FDIC currently purchases the services of the National Finance Center (NFC) to administer its payroll activities, including enrollment and deduction recordkeeping for FDIC benefits programs. The TPA will be the main data recordkeeper relative to enrollment in the FDIC dental, vision, life, and long-term disability insurance programs, and flexible spending accounts. The TPA will supply data to NFC in the format specified by NFC and FDIC.

NFC Systems

NFC utilizes the following systems to deliver its services:

The Payroll/Personnel System incorporates a fully integrated online data base which maintains employee personnel records and time and attendance reports and processes a biweekly payroll for over 450,000 employees.

The Administrative Payments Systems transfer funds between Government agencies and process payments to commercial vendors incorporating all features of the Prompt Payment Act.

The Accounts Receivable Systems process billings and collections for customers' administrative and program functions in compliance with the Debt Collection Act.

The Property Management Systems integrate fiscal accounting with property accountability and provide data to manage and control capitalized, leased, loaned, excess, expendable, and sensitive property.

The Thrift Savings Plan System handles recordkeeping for the 401(k)-type retirement plan in accordance with the Federal Employee's Retirement System Act.

All application systems are integrated with the Accounting System that maintains the general ledger and produces all necessary reports to satisfy the U.S. Department of Treasury, Office of Management and Budget, the General Accounting Office, and unique customer requirements.

Hardware and Software Resources

Following are NFC's hardware and software resources:

Hardware	IBM CMOS ES-9672R
Processors	R56, R36, R45, R25
Operating System	MVS - OS/390 v. 2.6

Primary Storage	DASD 3390-3
	TAPE 3490
Transmission Types*	Mainframe to Mainframe
	Firewall to Firewall
	TCP/IP
	RJE Remote Job Entry
	3780 Bisync
	Connect/Direct

* May require more detailed specifications from Telecommunications Personnel. This is a broad list of telecommunication options that NFC offers.

Functional Requirements for Flexible Cafeteria Benefits Program Implementation and Maintenance

Utilizing existing systems and equipment, the NFC will partner with FDIC to provide the following services in support of a new TPA's implementation and maintenance of the FDIC Choice Plan.

NFC Provides Employee Data to TPA

NFC will electronically provide detailed employee data to a new FDIC Choice TPA. The TPA will receive as much of the information outlined in Appendix 3, "TPA Recordkeeping System Data Required," of this document as is available in NFC systems. The remainder of information needed will come from FDIC and the existing TPA.

NFC will also develop layouts for transfer of files, including employee data, benefit amounts and rate tables.

Development of Initial Enrollment Records

TPA will work with NFC to establish codes, data fields, and/or program modifications, based on each benefit plan's design, to accommodate data transferred from the TPA into the NFC Payroll System by the most efficient method of electronic transfer.

TPA Transmission of Enrollment Data to NFC

NFC will work with the TPA to establish the most efficient method of electronic transfer of employee enrollment data from the TPA to NFC.

<u>Applying Open Enrollment Records</u>

The current contractor/TPA will be responsible for conducting the 2013 Open Enrollment Period for employees to elect 2014 Plan Year coverages. Employees will make elections online and the enrollments will be automatically applied in the TPA's system. At the end of the Open Enrollment Period, the TPA shall prepare an electronic file of the enrollment choices made by eligible employees, based on plan choices described in Appendix 1, "Description of FDIC Choice Plan" of this document. The file will include data elements as established by NFC and the TPA.

The newly-awarded TPA will provide a customized enrollment system developed from existing employee data initially provided by NFC, FDIC and the existing TPA and will first process open enrollment elections as described for the 2014 Open Enrollment Period. The TPA will submit enrollment data to NFC to conduct a test of data transmission and application accuracy.

Ongoing Maintenance of Records

Starting with the 2014 Plan Year and throughout subsequent plan years, the newly-awarded TPA will provide NFC with daily benefit record changes as a result of personnel separation actions received from NFC (i.e., death, resignation, retirement, removal), new employee elections and mid-year elections based on experiencing a Permitted Election Change. NFC will incorporate these changes into their system and conduct the reconciliation processes as noted previously.

NFC Provides Contributions to FDIC for Payment to Plan Carriers/Insurers

Based on enrollment data provided to NFC by the TPA, NFC will apply the appropriate employee deduction and employer contribution amount to the record from a "look-up" table prepared from account information provided by FDIC. NFC will send the employee deductions and the employer contributions for each of the benefits plans to a specified account at the FDIC by way of electronic funds transfer (EFT), biweekly. The FDIC will transfer the appropriate funds to each plan carrier.

Earnings and Leave Statement

NFC will issue the Earnings and Leave Statement showing line items for deductions/credits for dental (pre-tax), vision (pre-tax), employee life (post-tax), dependent life (post-tax), LTD (pre-tax), FSA accounts (pre-tax), and "Choice Credits" (taxable ordinary income).

Form W-2 Reporting

NFC will maintain cumulative tax-year amounts of deductions (pre-tax and post-tax) and credits and appropriately apply to W-2 form preparation.

Reports

Some reports will be provided by NFC to FDIC. These will be determined by FDIC in consultation with the NFC, and will likely include most or all of the currently provided reports. The TPA will provide most reports to FDIC, including reports to insurers/plan carriers.

These are not absolute requirement specifications. Through the collaborative efforts of the TPA, NFC, FDIC and consultants, the detailed requirement specifications will be finalized.

Appendix 5

Administrative Services Required for Retiree Plans

The initial transfer of existing personal and enrollment data for retirees will be from FDIC and the current TPA into the new TPA's recordkeeping system so that enrollment format and access can be developed for each retiree or surviving dependent (dental) in the various plans. This shall be performed electronically according to a process agreed upon by all parties.

Appendix 6

Administrative Services Requirements for DP Program

When eligible, employees may cover a domestic partner and/or the domestic partner's eligible dependent children under the following FDIC benefits:

- FDIC Dental Insurance
- FDIC Vision Insurance
- FDIC Dependent Life Insurance (FDIC Option 2, Spouse/Domestic Partner Life Insurance, and FDIC Option 3, Family Life Insurance
- Health Insurance Premium Reimbursement -- a reimbursement to the employee for a portion of the premium cost for non-subsidized health insurance on the domestic partner and/or the domestic partner's eligible dependent children.

Eligible retirees may cover a domestic partner and/or the domestic partner's eligible dependent children for Dental Standard benefits under the FDIC Dental Insurance for Retirees Plan. The Health Insurance Premium Reimbursement (HIPR) Program is not applicable to retirees.

The employee and the employee's domestic partner shall complete and submit a "Declaration of Domestic Partnership" certifying that the domestic partnership meets all of the eligibility criteria in order to establish a domestic partnership and to participate under the FDIC's Domestic Partner Program. The Declaration shall be submitted once at any time on or after the date the domestic partnership meets all of the qualifying conditions.

When an employee identifies a domestic partner and/or children of a domestic partner as dependents and seeks benefits coverage, a Declaration of Domestic Partnership form will be electronically sent to the employee via the enrollment system and must be completed and returned to the TPA within 10 days of the issuance. Once approved for participation, the employee may enroll for benefits. If the employee enrolls a domestic partner and the domestic partner's eligible dependent children for coverage under the FDIC Dental and/or Vision Plan:

- FDIC will pay the amount of agency contribution for Self & Family coverage applicable to the selected Option.
- The employee shall continue to pay the portion of the employee premium for coverage for him or herself on a pre-tax basis biweekly (and, if the employee has enrolled his or her eligible dependent children, for their coverage on a pre-tax basis biweekly). The remaining portion of the employee premium, if any, to provide the coverage for the domestic partner and/or any eligible dependent children of the domestic partner shall be paid on a post-tax basis. FDIC shall bill the employee annually for post-tax dental and/or vision premiums for this coverage.

- The value of the group dental and/or vision coverage for the domestic partner and/or the domestic partner's eligible dependent children, less the post-tax premiums paid by the employee for that coverage, shall be treated as imputed income and included on the employee's W-2 form.

- FDIC shall bill the employee annually for the FICA and/or Medicare taxes owed on the imputed income of the dental and/or vision coverage for the domestic partner and/or the domestic partner's eligible dependent children at the same time as the post-tax annual premiums are billed.

- If an employee is eligible to continue FDIC Dental Insurance in retirement, coverage for the domestic partner and/or the domestic partner's eligible dependent children included under the employee's enrollment shall also continue. The retiree shall be billed quarterly on a post-tax basis for the Self & Family coverage but may elect to pay as many quarters in the Plan Year in advance as desired.

- The imputed income of the group coverage under the retiree's dental enrollment for the domestic partner's and/or the domestic partner's eligible dependent children's coverage shall be treated as imputed income and included on a 1099-Misc form that the FDIC shall send to the retiree after the end of the Tax Year.

- With respect to FDIC dependent life insurance, the same requirements, coverage and limitations that apply to the enrollment of an employee's spouse and eligible dependent children shall apply to enrollment of a domestic partner and a domestic partner's eligible dependent children.

The web-enabled enrollment and recordkeeping system must have the capacity to meet the administrative service requirements to maintain data and administer the DP Program for the following:

- Online approval of domestic partnership and related dependents

- Capture special benefit level and pricing option rules and recordkeeping requirements

- Track partner/partner dependent enrollments and apply corresponding special DP premium arrangements and offsets

- Communications automation -- electronically generate and send forms, notifications, etc., to employees

- Document collection and retention capabilities -- processes for receiving, scanning and reviewing documentation required to certify eligibility

- Develop imputed income calculations and reports

- Provide system application to present DP benefit levels and pricing options to various data interchange programs, particularly the NFC and plan carriers, in established specific data formats

- Provide premium data to FDIC Benefits Center and Division of Finance that will be used to update participant's NFC payroll records for reimbursement of offsets

Appendix 7

Administrative Services Requirements for Health Insurance Premium Reimbursement

To be eligible for the Health Insurance Premium Reimbursement (HIPR), the FDIC employee must be enrolled in a plan under the Federal Employees' Health Benefits (FEHB) Program and the domestic partner and/or the domestic partner's eligible children, if any, must be enrolled in and paying for a non-subsidized health insurance plan and cannot be enrolled under any type of subsidized health insurance plan including a government plan (e.g., Medicare or Medicaid).

- The HIPR shall be equal to the lesser of:
- Eighty-five percent (85%) of the cost actually paid on a monthly basis for health benefits coverage for the domestic partner's Self-Only or Self & Family non-subsidized health insurance plan, or
- The maximum FDIC monthly contribution for any FEHB insurance option for a Self-Only or Self & Family policy, as applicable, for the Plan Year.

- The percentage that is used to calculate the HIPR payment shall change by the same amount as any future FDIC FEHB subsidy percentage change.

- HIPR payments shall occur quarterly. Reimbursements will occur four times a year. The first reimbursement shall apply to the health insurance premiums paid for January through March; the second shall apply to premiums paid for April through June; the third shall apply to premiums paid for July through September; the fourth shall apply to premiums paid for October through December.

- Employees will be sent an electronic notice at the end of each quarterly reimbursement period providing claims instructions, requesting documentation of valid payments made, certification of enrollment under the FEHB Program as the subscriber and that DP dependents are covered by a non-subsidized health insurance plan.

- Employees must submit proof of coverage and payment of non-subsidized health insurance premiums when they initially apply for reimbursement and whenever there is a change in the health carrier and/or premiums. Employees may self-certify without submitting additional documentation for a quarterly period if the health carrier and premiums have not changed from the submission approved for the prior reimbursement period.

- A copy of the health insurance premium statement/invoice(s) and paid receipts for the number of months, or portions thereof, that premiums were paid during the quarterly reimbursement period must be provided (scanned and uploaded into the online module, or faxed or mailed to the TPA). The premium statement/invoice must indicate the name of the insurance provider, the type of coverage (e.g. single/family plan), the coverage period, and the name of the covered person(s).

- The HIPR Request must be completed and required documentation must be received no later than April 15 for the first quarterly period (Jan-March); July 15 for the second quarterly period (April - June); October 15 for the third quarterly period (July - September); January 15 for the fourth quarterly period (October – December). If the 15th falls on a Saturday, Sunday or holiday, the HIPR Request must be submitted by the next business day.

- Reimbursement will be prorated based on full pay periods if the employee was enrolled in the Domestic Partner Program for less than the full three-month reimbursement period.

- The FDIC shall reimburse the employee quarterly for expenses incurred. Retroactive reimbursements for prior quarterly periods shall not be processed or paid by the FDIC.

The employee or domestic partner must first pay for the health insurance coverage in order for the employee to be reimbursed under the HIPR Program. The web-enabled enrollment and recordkeeping system must have the capacity to meet the administrative service requirements to maintain data and administer the HIPR portion of the DP Program as follows:

- Provide an online application to support requisition, recordkeeping, documentation management and authorization for employees requesting health insurance premium reimbursements

- Document collection and retention capabilities -- processes for receiving, scanning and reviewing documentation required to certify eligibility (health insurance premium statement/invoice(s) and paid receipts for premiums paid the period claimed for reimbursement which indicate the name of the insurance provider, the type of coverage (e.g. single/family plan), the coverage period, and the name of the covered person(s).

- Electronically manage quarterly deadlines for claims submission

- Calculate reimbursement amounts before taxes and provide to FDIC for verification and coordination with the NFC for appropriate withholdings and payment

- Communications automation -- electronically generate and send forms, notifications, etc., to employees

HIPR benefits terminate on the <u>earliest</u> of:

- The last day of the employee's FDIC employment whether by retirement or separation,
- The last day of the pay period in which the employee ceases to be eligible for domestic partner benefits,

- The last day of the pay period in which the employee ceases to be eligible for HIPR benefits (e.g., due to dis-enrolling from FEHB or the domestic partner/children become covered by a subsidized health insurance plan),
- The last day of the pay period before the employee enters a position excluded from FEHB coverage,
- The last day of the pay period in which the FDIC terminates HIPR benefits,
- The last day of the pay period that includes the 365th day of continuous leave without pay (or the last day of the pay period that includes the 730th day of continuous leave without pay incurred due to serving on active military duty in a contingency operation (as defined under 10 USC sec. 101(a)(13)), or
- The last day of the pay period in which the employee fails to comply with the requirements of the HIPR Program.

Appendix 8

Administrative Services Requirements for Parking Flexible Spending Account

Only employees located in offices where FDIC does not offer free parking, and where free parking is not otherwise available in the immediate vicinity of their office, are eligible to participate in the FDIC Parking FSA. An employee located in an office where free parking is assigned and accepted is not eligible to enroll in the Parking FSA. An employee who currently utilizes transit subsidy benefits also is not eligible to enroll in the Parking FSA.

An employee located in an office where free parking is assigned and accepted is not eligible to enroll in the Parking FSA. An employee who utilizes transit subsidy benefits also is not eligible to enroll in the Parking FSA. As employees incur qualified expenses, they may submit a claim for reimbursement from funds that have accumulated in their Parking FSA.

"Qualified parking expenses" are the costs that an eligible employee incurs for parking on or near the premises of an FDIC agency office relative to the daily commute to work. Costs for parking in a lot or garage near a location from which an employee commutes to work using mass transit (publicly or privately operated bus, rail, or ferry), commuter highway vehicles, or carpools are not qualified parking expenses and may not be funded under the FDIC Parking FSA.

A new employee or an existing employee, who becomes newly eligible to enroll in the Parking FSA Program, may make an enrollment election and designate the amount to be deducted from pay to fund reimbursement of qualified parking expenses at any time after meeting the eligibility requirements. All new enrollments will pend and an electronic notification will be sent to the applicant employee acknowledging the election and to the FDIC Parking Administrator requesting a determination of the employee's eligibility to participate. Such enrollment becomes effective on the first day of the first full pay period after approval by the FDIC Parking Administrator.

A participant is permitted to change an election, relative to future periods of coverage, at any time after the initial enrollment; and is not subject to Open Enrollment or Permitted Election Change restrictions. An election change becomes effective on the first day of the first full pay period after the enrollee makes the change.

Enrollees may elect an annual amount, up to a maximum of twelve times the IRS monthly maximum, to be deducted from pay for the full plan year. The total amount elected will be deducted from pay on a pre-tax basis over the lesser of the number of full pay periods remaining following the enrollee's election effective date or 25 pay periods, if for a full plan year. Deductions begin with the earlier of the first full pay period following the enrollee's election effective date, or if the election is effective January 1, with pay period 26 of the preceding year and ending with pay period 24 of the applicable plan year. An election will remain in effect until the participant elects to change such election, becomes ineligible to participate, ceases to be an FDIC employee, or the FDIC terminates the Parking FSA program.

As soon as deductions are placed into the Parking FSA, a participant may begin to request reimbursement for qualified parking expenses. Participants may submit claims daily and be reimbursed weekly from accumulated contributions. Claims must be for parking expenses incurred on or after the effective date of an election and salary reduction agreement and while enrolled in the Parking FSA. Parking FSA claims reimbursements will be paid only through Direct Deposit for a minimum of $25. No checks will be issued. Contribution amounts remaining at the end of a plan year are not forfeited, but are rolled over and cumulative.

The amount available for reimbursement will not at any time exceed a participant's total account balance. A reimbursement payment shall be limited to the per-month IRS established maximum. If an employee's reimbursement request is for less than the existing contribution balance, the unused amounts in the FSA will rollover and be available for future reimbursement. Employees may request reimbursement for expenses up to one year from the date the expense is incurred.

Parking FSA benefits shall terminate on the earliest of:

- the last day of the pay period in which the enrollee ceases to be an "eligible employee" for Parking FSA,
- the last day of the enrollee's FDIC employment, or
- the termination of the Parking FSA Program.

The enrollment, recordkeeping and expense reimbursement requirements for the Parking FSA are conducted by the TPA in similar concept and operation to health care and dependent care flexible spending accounts for FDIC Choice.

The web-enabled enrollment and recordkeeping system must have the capacity to meet the administrative service requirements to elect a contribution amount, maintain data and administer the claims reimbursement process as follows:

- Provide an online application to support enrollment, recordkeeping, requisition, documentation management (processes for receiving, scanning and reviewing receipts for expenses paid), authorization and claims processing for employees requesting reimbursements for parking expenses

- Prepare and submit electronic file of election data/record changes and forward to the NFC based on established prescribed record formats

- Electronically maintain ongoing account balances rolled-over plan years

- Communications automation -- electronically generate and send forms, notifications, etc., to employees and the FDIC Parking Administrator

- Provide a biweekly report of enrollment status (pending, approved, declined, election amount) to the FDIC Parking Administrator

- Establish and implement recordkeeping and electronic data interchanges with FDIC Division of Finance to administer the claims pay-out process

Appendix 9

Administrative Services Requirements for PLA

The TPA shall develop a secure, private, web-based online Training System application to support the FDIC's administration, and management of the Professional Learning Accounts (PLAs), with the capability of online completion of FDIC's Career Development Plan (CDP.) Before training can be requisitioned through the PLA Program, an eligible employee must complete an online Career Development Plan (CDP) that is approved by the supervisor. The administration of PLA for each participant must account for the cost of all training and travel expenses incurred with respect to training and ensure that the employee does not incur expenses in excess of the allotted account amount.

When the TPA builds the enrollment and recordkeeping application to administer FDIC Choice, it will already be populated with a significant amount of employee information that can be utilized to timely implement needed CDP and PLA functions. An automated nightly feed of personnel information from FDIC to the contractor/TPA is used to determine PLA-eligible employees, initially and ongoing. Students, employees on a term or temporary appointment and employees in certain specific categories are not eligible for PLA funds. The FDIC data will identify employee information such as job title, job code, appointment type and grade level which can be used to identify employees eligible for PLA. Established business rules can be used to determine initial eligibility, as well as changes that occur when personnel actions are processed. Approximately 5,900 employees are eligible to participate in the PLA Program.

Through the online system, FDIC's employees, supervisors, and administrators manage their respective CDP completion and online external training request workflows which may encompass : (1) Requisitioning, (2) Business rules, (3) Supervisor's approval/denial workflows, (4) Administrator expense payment tracking, (5) Employee, Supervisor, Administrator & Management reporting, (6) Online evaluation notice, completion and submission, (7) various administrative functions (i.e. training cancellation processing, employee separation processing), and (8) Toll-Free customer service.

Each eligible employee has a PLA containing a specified annual amount of money and/or hours that is managed in partnership with the supervisor for use towards learning goals. An integral element of automation for the PLA Program includes accurate tracking of each eligible employee's PLA funds, including PLA Budgeted Amounts, PLA Amounts Paid, PLA Amounts Pending Approval, and PLA Amounts Pending Payment. Programming will control the available balance to assure the FDIC Payors are prompted – within system- to make payments that do not exceed the annual PLA budgets for each employee.

The online web-based environment to facilitate an automated CDP/PLA administration process shall include creating a CDP/PLA database management system, automating PLA forms, tracking PLA funding expense details, coordinating with FDIC systems, generating reports, implementing a production system, and testing and troubleshooting production problems. Following are detailed requirements:

- A PLA private, secure, online database management system to support the collection and storage of data required for the completion of the FDIC CDP and the requisition and administration of external training as outlined in the Career Development Plan Form (2600/26), the FDIC Training and Approval Evaluation Form (2610/12) and any other data required by FDIC

- Ability to import personnel information to electronically determine employee eligibility to participate

- Data entry screens with real-time error checking that incorporate client specific business rules to assure accurate data collection/storage for CDP/PLA administration.

- Ad-hoc query and reporting capabilities for participation and trend analysis.

- Predefined standard reports on a scheduled basis (secure file transfer).

- An online signature process that retains the information necessary to prove users' online signatures (employee, supervisor, 2nd level supervisor –optional, administrator).

- Secure access to PLA data via the secure, private, web-based site that uses Secure Socket Layer connections (encryption) and other processes to protect information.

- Tracking of dollar amounts, financial information and balance histories associated with PLA Training (tuition, books, fees, etc.) similar to the administration of the Flexible Spending Accounts

- Tracking of dollar amounts associated with PLA Training Travel (hotel, transportation, per diem).

- Ability to provide warnings when aggregate CU budget funds are running low. Provide instant employee communications when balances reach specific funding levels.

- Prohibit PLA training dollars from exceeding thresholds (absent override). Program system to be parameterized with funding minimums and maximums.

- Ability to develop, route and track an online training evaluation process (electronic notice, completion and response submission) to obtain information outlined in the FDIC Training and Approval Evaluation Form (2610/12) . Also, the evaluation application must have the ability to elevate information through defined processes to correspond with a hierarchical approval/review process within the FDIC.

- "Role-based" ability to override values and business rules.

- Capability for adding user defined roles; setup secured by user role definitions.

- Capability to track data for special training programs that are offset by PLA funds.

- Data dumps in standard formats.
- Programming updates to the system to accommodate new users, changes in business rules, and other changes, as required periodically throughout the term of the contract.
- Provide job aids (help screens,) not only on-line in the system, but also documents with screen prints and instructions, and job aids for super user functions/capabilities.
- Benefits Hotline Call Center Support providing employees with support regarding the completion of the CDP and the use of their PLA account information and functionality.

The automated system must have the capability to produce ad-hoc and pre-defined reports that will provide CU management with information needed to monitor participation, audit costs and time allocations, as well as forecast future training initiatives.

Appendix 10

Benefits Hotline Service Delivery

The TPA's Benefits Hotline staff shall act as a second level of service delivery in a three-tier system to support all the programs outlined in this document.

FDIC employees are first expected to "self-service" their benefits questions, using resources available:

1. online on the FDIC Intranet
2. online library at TPA's web-based system (for information and elections relative to benefits contained in the FDIC Choice cafeteria plan and other programs administered by the TPA)
3. online on T. Rowe Price's Plan Web site or through their Plan Account Line (for the FDIC Savings Plan)
4. online or over the telephone at the Employee Personal Page of the NFC website (for open enrollment federal benefit changes),
5. as well as, other Web sites available to FDIC employees about their federal and FDIC benefits, such as the Office of Personnel Management and benefit plan carriers.

The TPA's Benefits Hotline shall:

6. Provide qualified customer service representatives during proposed hours of operation, i.e., from 8:30 a.m. to 8:00 p.m. Eastern Time. Employee access shall be available via a toll-free telephone number, as well as a general email address, and occasional FAX requests. The TPA's Benefits Hotline staff will receive calls from some individuals who are hearing-impaired, so a TDD/TTY Toll-free line shall also be required.
7. Respond to FDIC employees' basic questions about their FDIC and federal benefits.
   a. FDIC-specific benefit programs currently include the following:
      (i) FDIC Choice (a flexible cafeteria plan that incorporates life insurance, dental and vision insurance, long-term disability coverage and both dependent care and health care flexible spending accounts),
      (ii) FDIC Dental and Life Insurance for Retirees
      (iii) FDIC Domestic Partner Program (including Health Insurance Premium Reimbursement processing)
      (iv) FDIC Parking Flexible Spending Account
      (v) FDIC Professional Learning Accounts Program
      (vi) FDIC Savings Plan (a 401(k) plan),

b. Federal benefits include the following (the TPA will not have sufficient enrollment data to resolve in-depth issues for these programs, but can respond based on data in published documents and can refer/escalate the issue to the appropriate servicing FDIC Benefits Specialist):

   (i) Federal Employees Health Benefits (FEHB) Program,

   (ii) Federal Employees Group Life Insurance (FEGLI) Program,

   (iii) Federal Employees Dental and Vision Insurance Plan (FEDVIP),

   (iv) Federal Thrift Savings (TSP) Plan,

   (v) Federal Long Term Care Insurance,

   (vi) Federal retirement programs, both the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and

   (vii) Social Security.

FDIC Benefits Center staff will assist in scripting responses to be used by the Benefits Hotline.

8. FDIC retiree inquiries shall also be handled by the TPA's Benefits Hotline staff. FDIC retirees continue coverage in the FDIC-provided dental and life insurance program. Retirees also may maintain their FDIC Savings Plan retirement account. Inquiries relating to their federal benefits shall not be answered, but shall be referred by the TPA's Benefits Hotline staff to the appropriate federal agency (i.e., the Office of Personnel Management for retirement, health and life insurance, the TSP Office for the federal Thrift Savings Plan, the Social Security Administration for social security.)

9. Answer general and basic questions about benefits. Questions will include, but are not limited to:

   a. FDIC employee eligibility requirements for coverage in one or more benefits plans;

   b. FDIC employee eligibility to make changes to benefit plans based on particular life event;

   c. Status of enrollment changes;

   d. Basic description of benefit plans (requests for detailed description of a plan shall be answered by directing the employee to the plan's summary plan description on the FDIC or TPA's web site);

   e. Current benefit election amounts, costs, etc.

10. TPA's Benefits Hotline staff shall have read-only access to CAIS (T. Rowe Price's Client Access Inquiry System) to reply to general questions regarding the FDIC Savings Plan.

11. Refer callers to appropriate system to make benefit changes, e.g., myRetirementPlan or Plan Account Line, Employee Personal Page, TSP, or TPA enrollment system and

assist callers with making eligible changes online by talking them through the process when necessary.

12. Provide information to FDIC employees about how to obtain personal identification numbers (PINs) for each of the above systems.

13. Instruct callers on how to obtain electronic copies of material requested, and mail requested claim forms, designations of beneficiary forms, summary plan descriptions, etc., upon request by a caller unable to access electronic versions of the material.

14. Assist in the open enrollment processes for FDIC Choice and certain federal programs by answering general inquiries relative to each program and assisting employees with making their elected changes in the appropriate system.

15. When a complicated question or request for additional or detailed information that cannot be answered using available resources is received, the Benefits Hotline staff shall record all pertinent information and inform the caller that the FDIC Benefits Center will reply to the inquiry. The TPA shall maintain Hotline referrals of complicated inquiries to the FDIC Benefits Center in an automated system with tracking and query capabilities, as described below. Examples of questions that shall be referred to the FDIC Benefits Center include:

    a. Requests for retirement or separation benefits counseling;

    b. Notification of the death of an employee or retiree;

    c. Questions about retirement coverage; i.e., whether coverage should be under a different defined benefit retirement system (CSRS or FERS) than employee is currently covered under, or an explanation of why employee is covered under current system;

    d. Requests for information about paying service credit deposits for prior military or civilian service;

    e. Requests to make changes to FEHB insurance outside of open enrollment.

16. The TPA's automated system shall be able to track all inquiries, as well as referrals to the FDIC Benefits Center, noting date, time, resolution, and/or to whom the inquiry was referred. Three (3) workdays after an inquiry is referred to the FDIC Benefits Center, the TPA Benefits Hotline staff shall contact the FDIC Benefits Center staff to confirm (a) if the call has been returned, (b) if the call is closed, or (c) when the FDIC Benefits Center staff told the caller that they would complete the response, if it could not be closed on the first call. Such contact after three workdays is not required if the FDIC Benefits Center staff has contacted the TPA's Benefits Hotline, acknowledging receipt and indicating that the inquiry is being handled. Calls not closed satisfactorily shall be referred to the FDIC Oversight Manager. The TPA's Benefits Hotline staff shall continue to track the call until it is closed by contacting the employee directly on any further follow-ups. Subsequent follow-up with the employee shall occur no later than the 6th business day following initial receipt of the inquiry.

17. The TPA's automated system shall also track the number and nature of inquiries, time for response, including referrals, and provide quarterly reports to the FDIC Oversight Manager. The TPA's Benefits Hotline staff, and the FDIC Oversight Manager, shall be able to query the automated system to immediately determine the status of an individual referral.

18. Serve as primary contact for FDIC retirees. This includes the following services:

    a. Assist retirees with changing their mailing address in the TPA's system for FDIC Life and Dental coverage;

    b. Refer retirees to T. Rowe Price to change mailing address for their FDIC Savings Plan accounts and to the Office of Personnel Management (OPM) for their retirement benefits;

    c. Answer general inquiries about their dental and/or life insurance coverage(s);

    d. Provide summary plan descriptions, claim forms or designations of beneficiary forms for FDIC Life and/or Dental plans;

    e. Refer retirees to the FDIC Retiree Web site for electronic versions of above material for those retirees with internet access. Refer retirees to the Office of Personnel Management for information about their retirement or health insurance benefits.

Appendix 11

Benefits Hotline Performance Requirements

The TPA shall staff and operate the Benefits Hotline Call Center. The TPA's staff shall answer incoming calls and emails and provide assistance and information to FDIC employees and retirees as identified above. TPA shall ensure the information provided to callers is consistent and accurate. The TPA shall operate the Benefits Hotline from Monday through Friday between the hours of 8:30 a.m. and 8:00 p.m. Eastern Time, excluding federal holidays. The TPA shall maintain an automated activity log of all calls and emails received and status of resolution. TPA shall provide the log to the FDIC Oversight Manager monthly, or as requested.

As of March 2013, there were approximately 7700 current FDIC employees and 3900 retirees or surviving spouses eligible for FDIC benefits. FDIC makes no representation or warranties to TPA as to the future number of FDIC employees or retirees.

A. Answering Calls

The TPA's staff shall answer no less than 90% of all incoming telephone calls within 15 seconds. The TPA's staff shall not place the caller on hold for more than 45 seconds. "Hold" is defined as a call temporarily left without being disconnected. The call should be returned to with either a result or status report within 45 seconds.

Surges in call volumes are anticipated during annual open enrollment periods (i.e. Monday of the second full workweek in November through Monday of the second full work week in December.) Additional Benefits Hotline staff and resources shall be provided by the TPA during surge periods, as required, to respond to the expected increase in inquiries.

B. Scripting Software

The TPA shall provide and utilize scripting software to facilitate the timely development, maintenance and retrieval of information. The scripting software shall:

1. Store and retrieve scripts to be used in answering general questions;
2. Provide email functionality that shall allow for sending responses that are either individually created or pre-formatted;
3. Provided scripted responses to frequently asked questions;
4. Provide knowledge-based functionality;
5. Provide search capability of previous responses to locate nonstandard answers; and
6. Provide call tracking by both quantity and type of calls.

The TPA shall develop and maintain call scripts and training modules for its operators. The TPA shall submit call scripts and training modules to the FDIC Oversight Manager for approval. The Benefits Hotline shall be fully scripted, tested and operational not later than November 1, 2013.

C. First Tier Screening

The TPA's Benefits Hotline staff shall provide for initial screening of calls, emails, voicemails, and FAXes. Incoming calls, emails, voicemails, and FAXes shall be answered and satisfactorily resolved or a transfer shall be made to the FDIC Benefits Center. Incorrectly transferred calls, emails, voicemails and FAXes shall be maintained at a minimum as defined by the FDIC Oversight Manager. TPA shall resolve no less than 75% of all inbound calls accurately, efficiently, and in a friendly manner without transfers whenever feasible. (This standard shall be revised as the TPA's knowledge and expertise is expanded over time and as experience dictates.)

D. Second Tier/FDIC Benefits Center

When a call, email, voicemail, or FAX is too complicated for the Benefits Hotline staff to respond, a warm/supervised transfer shall be made to the FDIC Benefits Center, which shall be responsible for providing the appropriate information to the caller. The Benefits Hotline staff shall track the status of the referral until it is resolved to the caller's satisfaction, and include the status of outstanding responses in its weekly status report to the FDIC Oversight Manager.

E. Voice Mailbox

During normal hours of operation, callers may elect to leave messages in a voice mailbox rather than hold. The messages left in a voice mailbox during normal Benefits Hotline operating hours shall not go unanswered for more than two hours. The Benefits Hotline shall include in the automated tracking system emails received, as well as telephone calls and voicemails. The Benefits Hotline shall track the status of referrals until they are resolved to the caller's satisfaction, and include the status of outstanding responses in its weekly status report to the FDIC Oversight Manager.

F. Email

The TPA Benefits Hotline shall maintain an email address to which FDIC employees and retirees may direct inquiries related to their benefits. All emails directed to the Benefits Hotline shall be answered, or referred to the FDIC Benefits Center, if the subject is complex or includes a request for counseling services. Referrals shall be forwarded to the FDIC Benefits Center within two hours of receipt. Emails that can be answered by the Benefits Hotline staff shall be responded to within one business day. Emails received outside of normal business hours shall be answered or referred the next business day, i.e., referred within two hours of the beginning of the business day or answered by the end of the business day.

The Benefits Hotline shall include in the automated tracking system emails received, as well as telephone calls and voicemails. The Benefits Hotline shall track the status of referrals until they are resolved to the caller's satisfaction and include the status of outstanding responses in its weekly status report to the FDIC Oversight Manager.

G. Customer Satisfaction

The FDIC is committed to providing quality customer service and ensuring all reasonable efforts are made to meet the benefits information and service needs of its employees and retirees. It is mandatory that professional and courteous telephone services be provided.

The TPA shall continuously review processes and incorporate best practices and pertinent recommendations from FDIC employees and retirees to improve performance and ultimately improve customer satisfaction.

H. Contingency Operations

The TPA shall have and maintain a FDIC-approved contingency plan to ensure continuous service in case of a problem or surge in call volume. The TPA shall provide overflow resources to handle call volumes.

I. Performance Requirements

The table below, entitled Performance Requirements, outlines the specific performance standards applicable to the required services. These standards are the minimum acceptable level of performance. The FDIC encourages the TPA to use innovative approaches to meet or exceed the standards specified below. The FDIC reserves the right to change or modify the specified standards. These standards shall be measured each quarter and shall be combined and averaged over a 6-month period to determine the TPA's overall performance rating.

Performance Requirements

Item	Performance Requirement/SOW Reference	Minimum Acceptable Performance Standard	Performance Measurement
1.	Customer satisfaction (meet needs of employees/retirees; Disseminate information accurately and efficiently in a friendly manner.) Appendix 11.G	TPA must achieve a 90% satisfaction rating.	FDIC conducted "customer satisfaction" surveys on an annual basis.
2.	Respond to inbound calls quickly. Appendix 11.A	15 second average speed of answer during non-surge periods, on hold less than 45 seconds	TPA's quarterly report to FDIC Oversight Manager
3.	Respond to voice mailbox messages quickly Appendix 11.E	Within two hours	TPA's quarterly report to FDIC Oversight Manager
4.	Respond to email messages quickly. Appendix 11.F	Within one business day	TPA's quarterly report to FDIC Oversight Manager
5.	Track unresolved inquiries referred to the FDIC Benefits Center for reply. Appendix 11.D	100% of inquiries referred must be tracked by TPA	TPA's quarterly report to FDIC Oversight Manager
6.	Resolve inbound calls accurately, efficiently, and in a friendly manner without transfers whenever feasible. Appendix11.C	No less than 75%	TPA's quarterly report to FDIC Oversight Manager

Appendix 12

Billing and Payment Services for FDIC Dental Plan

Employees may continue coverage into retirement if they have retired on an immediate annuity and have been enrolled in FDIC dental coverage as the enrollee or a covered dependent for at least five (5) consecutive years immediately preceding retirement, or for the full period for which eligible, whichever is less. Survivors of employees enrolled in a Self & Family enrollment may continue coverage for up to twenty-four months following the employee's death. Currently, survivors of retirees enrolled in Self & Family coverage may continue as long as the benefit is offered. Eligible retirees and survivors of employees and retirees are covered under the Standard Option coverage only. Retirees and survivors are not able to select the High Option or Low Option.

The following are the functions that the TPA and Benefits Hotline shall perform related to the FDIC Dental Plan for retirees and survivors:

1. Maintain and administer FDIC Retiree and Survivor Dental enrollment and billing processes based on eligibility to include:
   a. create a database to establish and track retirees' dental enrollment and premiums on a monthly basis;
   b. calculate the appropriate premium due
   c. annually develop and manage a self-certification process for enrollees
   d. establish and maintain a drop box for premium payments
   e. print and mail an annual premium billing package to enrollees designed by FDIC:
   f. maintain an accurate accounts receivable accounting including aging uncollected funds;
   g. print and mail past due premium billings and termination notification on a quarterly basis
   h. set up an automated cancellation process for accounts with uncollected funds;
   i. enroll, bill and manage new enrollees throughout the year
   j. manage billing adjustments that include retroactive billing adjustments for status changes due to a death of a spouse, divorce, marriage, or birth of a child;
   k. service all customer inquiries related to billing.
   l. coordinate enrollments, changes and cancellations with FDIC's regular biweekly premium payment process;
   m. cross reference enrollment with Social Security Administration death records;
   n. issue identification cards with an alternative number to be used instead of the Social Security Number

2. Reporting
   a. provide biweekly premium report to FDIC
   b. biweekly enrollment file transmission to dental plan administrator
   c. quarterly report of terminations due to non-payment of premium
   d. provide annual accounting of premiums collected

   c. census report as requested

3. On-line system capability
   a. enrollment and recordkeeping for enrollee and FDIC
   b. reference library of FDIC-provided documents and links to FDIC provided web sites

Appendix 13

Health Benefits Premium Reimbursement to Certain Retirees

The services outlined are required for the TPA to conduct semiannual reimbursements of health benefits premium expenses to certain retirees:

1. Forward requests to the affected retirees to verify banking data, contact information and to certify health plan coverage.

2. Update records according to retiree responses; i.e., they have indicated that their health plan coverage remains the same as it was when the prior reimbursement was issued or they have annotated changes and provide official documentation supporting such change.

3. Compute the total premium reimbursement due based on the responses received from the retirees.

4. Forward a consolidated report with premium reimbursement values to FDIC to request funds from FDIC's Division of Finance for reimbursement payments.

5. Allocate amounts and issue reimbursements to each retiree participant.

6. Conduct quality control process to determine nonpayment fallout and report results to FDIC Benefits Manager.

ATTACHMENT J - 2

KEY PERSONNEL LISTING

(b)(6)

NAME	TITLE
[redacted]	President/CEO
	Large Account Manager