

## HOW THE REIMBURSEMENT ACCOUNT PLANS WORK

The Avaya Inc. Reimbursement Account Plans allow you to set aside **pre-tax** dollars from your pay to cover certain health care or child/elder care expenses. There are two Reimbursement Accounts:

- The *Health Care Reimbursement Account (HCRA)* may be used to pay for eligible health care expenses for you and your **HCRA dependents**.
- The *Child/Elder Care Reimbursement Account (CECRA)* may be used to pay for eligible child/elder care expenses that allow you to work, or if you are married, that allow both you and your **lawful spouse** to work, or your **lawful spouse** to attend school full-time.

You may elect to participate in one, both or neither accounts.

The following chart provides some general guidelines about the Reimbursement Accounts.

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	<i>Health Care Reimbursement Account</i>	<i>Child/Elder Care Reimbursement Account</i>
<i>Each Year You Can Set Aside...</i>	\$300 - \$4,000	\$300 - \$4,000 (\$5,000 including the Company Match)
<i>To Be Eligible for Reimbursement, Expenses Must Be...</i>	<ul style="list-style-type: none"> <li>• Medically necessary</li> <li>• For you and your <b>HCRA dependents</b></li> <li>• Not reimbursed elsewhere</li> <li>• Considered an eligible expense by the IRS</li> </ul>	<ul style="list-style-type: none"> <li>• For care of <b>CECRA dependents</b></li> <li>• Fees for day care, baby-sitting and housekeepers whose duties include child/elder care</li> <li>• For payments to relatives who care for a <b>CECRA dependent</b> provided you do not claim that relative as a dependent on your federal income tax return</li> <li>• Fees for before- and after-school care programs, provided the expenses are itemized separately from tuition expenses</li> <li>• To allow you to work, or if you are married, to allow you and your <b>lawful spouse</b> to work, or your <b>lawful spouse</b> to attend school full-time</li> </ul>
<i>You Are Reimbursed This Way...</i>	<ul style="list-style-type: none"> <li>• Up to your annual election less any previous reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>• Up to your current account balance including the company match</li> </ul>
<i>These Special Rules Apply...</i>	<ul style="list-style-type: none"> <li>• Reimbursed expenses cannot also be claimed on your tax return.</li> <li>• <b>Lawful spouses</b> both working for Avaya Inc. can each contribute up to the maximum to separate accounts.</li> </ul>	<ul style="list-style-type: none"> <li>• Reimbursed expenses lower the amount you can claim on the Federal Dependent Care Tax Credit.</li> <li>• Contributions may be limited depending on the employment status and income of you and your <b>lawful spouse</b> (see "Special Rules for the CECRA").</li> </ul>

### ***Balances Cannot Be Transferred Between HCRA and CECRA***

If you participate in the **HCRA** and the **CECRA**, you cannot transfer balances from one account to another. Your **HCRA** balance may only be used for eligible health care expenses and your **CECRA** balance may only be used for eligible child/elder care expenses.

### ***Reimbursement Restrictions***

The money in your Reimbursement Account(s) can only be used for eligible expenses incurred during the same Plan Year. However, you may submit claims for expenses incurred during a Plan Year up to April 15th of the following Plan Year. Any money remaining in your account(s) after that date is forfeited.

### ***When an Expense Is Incurred***

Any health care or child/elder care expense is considered “incurred” on the date the service or treatment is provided, not on the day you pay for it.

If a *health care service or treatment* will extend beyond December 31st, only expenses incurred during the Plan Year for which an **HCRA** election is made are eligible for reimbursement.

### ***Account Statements***

Account statements are sent to you following the third and fourth calendar quarters. You also receive a statement with each reimbursement.