

## YOUR CONTRIBUTIONS

You fund your Reimbursement Account(s) with **pre-tax** dollars that are deducted from your pay in equal installments throughout the year. If you elect to participate in the **HCRA** and the **CECRA**, your contributions to each account are kept separately. Because of the special tax advantages offered by these accounts, IRS rules do not allow you to transfer money from one account to the other. This means you can only use your **HCRA** for eligible health care expenses and your **CECRA** for eligible child/elder care expenses.

### **How Much You Can Contribute**

The minimum amount you may contribute to each account during any one Plan Year is \$300. The maximum amount you may contribute depends on the type of account. The following chart shows you how this works.

<b>MINIMUM AND MAXIMUM CONTRIBUTION AMOUNTS FOR ANY ONE PLAN YEAR</b>		
<b>Account</b>	<b>Minimum</b>	<b>Maximum</b>
<b>HCRA</b> (health care)	\$300	\$4,000
<b>CECRA</b> (child/elder care)	\$300	\$4,000* (\$5,000 including the Company Match)
*This amount may be limited by IRS rules. For more information, see "Special Rules for the CECRA."		

If your enrollment is effective after January 1st of a Plan Year, you still can set aside up to the maximum annual amount allowed for each account. Your contributions will be deducted from your pay in equal installments throughout the remaining months of that Plan Year. However, there is a \$5,000 annual maximum for **CECRA** elections (including Company contributions), which is an IRS maximum. So you should take into consideration any amounts that you and/or your spouse may have contributed through another employer.

### **Estimate Your Expenses to Determine Your Contributions**

It is important to carefully estimate your expenses before you decide how much you want to contribute to the **HCRA** and/or the **CECRA** during the Plan Year, since unused balances must be forfeited. You should be able to get a good idea of what your expenses might be by looking at your expenses over the last couple of years. Also consider any health care expenses (medical, dental, vision or hearing) and/or changes to your child/elder care needs that you expect may occur during the Plan Year.

You may want to be conservative in your estimate, to avoid forfeitures. For more information, see "Forfeiture of Unused Funds."

### ***Changing Your Contributions***

Each year during **annual enrollment** you choose whether or not to participate in the **HCRA** and/or the **CECRA**. Generally, the choices you make during **annual enrollment** remain in effect for the full Plan Year. However, you may be permitted to change your contribution amount or stop contributions if you have a **qualified status change**. For more information, see "If You Have a Qualified Status Change." If you have a **qualified status change** during the year and need to reduce the amount you contribute to your account, you may not reduce the annual amount to less than what you have already contributed in payroll deductions or been reimbursed, whichever is greater.

### ***Effect of Contributions on Other Benefits***

Contributions to the Reimbursement Account(s) do not affect pay-related benefits, such as savings plan, disability and group life insurance.

### ***Forfeiture of Unused Funds***

Because of the favorable tax treatment provided by the Reimbursement Accounts, government regulations require that the money in your Reimbursement Account(s) be used for eligible expenses incurred during the same Plan Year. However, you may submit claims for that Plan Year up to April 15th of the following Plan Year. Any money remaining in your account(s) after that date is forfeited.

### ***What Happens to Forfeited Funds***

Forfeitures are donated on your behalf to a charitable organization of Avaya's choosing.

Before distribution, however, administrative costs and expenses of the **HCRA** and the **CECRA** Plans may be deducted from the forfeiture amount.