



Welcome to Your 2019 Flexible Benefits Plan

Nelson Education's Flexible Benefits plan goes into effect on January 1, 2019. This plan gives you an opportunity to choose the level of benefits coverage that best meets the specific needs of you and your family.

This guide describes our Flexible Benefits Plan and leads you step by step through making choices and enrolling. It also provides information for your reference throughout the year. Please take some time to read the Flexible Benefits material provided – it will be time well spent.

You have several choices and decisions to make, so it is important for you to carefully review this plan. This Flexible Benefits Plan puts you in charge of choosing the benefits that best meet your unique needs. After all, nobody knows your needs better than you!

The Flexible Benefits Plan represents one element of your total rewards package from Nelson Education. We consider employee benefits an important part of our total rewards. The combination of your cash compensation, flex benefits, pension and other programs such as employee assistance program and fitness reimbursement; represents a competitive compensation package.

To help you with your enrollment, we have provided the following:

- Benefits at a Glance
- Questions and Answers
- On-line Enrollment Guide
- Password Notification
- Sign Up to Sun

Some of the things you will like about Flexible Benefits:

- Instead of being a “one size fits all” style of benefits plan, Flexible Benefits allows you to select the coverage you want in each benefit area.
- Each year during the annual enrollment, you have the opportunity to change your benefits as your needs change.

- If you have a change in your family status, such as marriage or birth of a child, you may change your benefits during the plan year.
- You can eliminate any duplicate coverage you now have by coordinating your coverage with other coverage already available to you.
- Nelson Education gives you “annual flex dollars” that you can use to purchase your coverage. If you have any annual flex dollars left over after making your Flexible Benefit choices, you can either put them in your Health Care Spending Account or take it as Taxable Cash.

How Flexible Benefits Works

Your Benefits Choices	<p>There are several different benefits in the Flexible Benefits Plan.</p> <p>Most benefits give you several choices.</p>	<p>Some options offer you minimal coverage, some offer you enhanced coverage – it is up to you to choose the coverage that is right for you.</p>
Select Your Benefits	<p>You choose one option for each benefit.</p> <p>You may also choose family or single coverage.</p>	<p>Eligible dependents include your spouse and child(ren).</p> <p>Your benefit choices are effective from Jan. 1 to Dec. 31 each year.</p>
Your Annual Flex Dollars	<p>Nelson Education will provide you with flex dollars to buy benefits.</p>	<p>The actual number of dollars you receive will provide Nelson Education’s “Core Coverage”.</p>

Paying for Your benefits	<p>Each option has an annual price tag.</p> <p>Once you have made all your benefit choices, the total price tag cost will be calculated.</p> <p>If the total cost is less than your annual flex dollars, you can deposit your leftover annual flex dollars into your Health Care Spending Account or receive them through payroll as Taxable Cash over 24 pay periods.</p> <p>If the total cost is more than your annual flex dollars, you will pay the difference through payroll deductions with after tax dollars or revise your choices over 24 pay periods.</p>	Through the Flexible Benefits enrollment process you can spend your annual flex dollars in the most tax-effective manner possible.
Enrolling	Proceed to http://www.websinc.ca/nelson to enroll.	The on-line enrollment tool is a step by step, easy to follow program.
Questions?	<p>For questions regarding benefit coverage contact Mariam Khan- HR Generalist at 416-752-9100 ext 8027 or e-mail at mariam.khan@nelson.com</p> <p>For enrollment assistance contact Buffett Taylor at 1 800 263-2670 Ext. 6236.</p>	Assistance will be available from Monday to Friday, 8:30 a.m. to 4:30 p.m.
Each Year	You may change your choices each year during the annual Flexible Benefits enrollment, or any time you have a family status change.	As your needs change, you can change your benefits.

Terms and Concepts You Need to Know

As you read about your Flexible Benefits, here are some important terms and concepts that we use throughout this enrollment guide:

Annual Flex Dollars:

Annual flex dollars are what Nelson Education provides for you to spend on your Flexible Benefits each year. You receive annual flex dollars that will pay for Nelson Education's "Core Coverage".

Core Coverage

- Health - Family or Single
- Dental - Family or Single
- Life Insurance – 2 Times Annual Salary
- Accidental Death & Dismemberment (AD&D) – 2 Times Annual Salary
- Long Term Disability – 60 % of Salary

Price Tags

Each option has an annual cost or a price tag. A price tag reflects the cost of each option for a year. Depending on the particular benefit, the cost of each option varies based on factors such as:

- The level of coverage
- Single or Family coverage (Health and Dental)
- Salary (volumes of insurance for Life, Long Term Disability and AD&D)
- Smoker, age and gender status (Spousal Life and for Employee Life when choosing 3 or 4 times salary)

Your price tags are fixed throughout the year and do not change as a result of changes in your age or your base salary. You can review your annual price tags through the on-line enrollment process.

Beneficiaries:

You are responsible for ensuring that your beneficiary designation for your Life and AD&D benefits is complete and accurate. If you name multiple individuals as beneficiaries, please indicate a percentage of how each benefit should be allocated. If any of your beneficiaries are under the age of majority, a Trustee must be appointed except in the Province of Quebec.

Co-ordination of Benefits (COB):

If you are covered for extended health and dental benefits under another plan, your benefits under this plan will be co-ordinated with the other plan so that you may be reimbursed up to 100% of the eligible expense incurred. Claims must be submitted to the primary payor first. Any unpaid balances should then be submitted to the secondary plan. The following are guidelines to identify the primary and secondary plans:

Sun Life Plan Member (under Nelson Education Ltd.)

- Sun Life coverage for you is always primary.

Spouse

If your spouse is a plan member under another benefit plan, this Sun Life coverage is always secondary for your spouse. Your spouse must first submit claims to his/her benefit plan.

Children

When dependent children are covered under both your Sun Life plan and your spouse's benefit plan, use the following order to determine where to submit the claims:

- The plan of the parent whose birth date (month and day) occurs earliest in the calendar year
- The plan of the parent whose first name begins with the earlier letter of the alphabet, if the parents have the same birth date
- In cases of separation or divorce with multiple benefit plans for the children, the following order applies:
 - The benefit plan of the parent who has custody of the dependent child
 - The benefit plan of the spouse of the parent who has custody of the dependent child
 - The benefit plan of the parent who does not have custody of the dependent child
 - The benefit plan of the spouse of the parent who does not have custody of the dependent child

If the parents have joint custody and both have the children listed as dependents under their plans, claims should first be submitted to the plan of the parent whose birth date (month and day) occurs earliest in the calendar year. Balances can then be submitted to the other parent's plan.

Eligibility:

To be eligible for these benefits, you must be a resident of Canada and meet the following conditions:

- You are a permanent employee
- You are actively working for Nelson Education Ltd. at least 24 hours per week
- You have completed 3 months of continuous employment (waiting period)

Evidence of Insurability (EOI):

Life

As a new employee you may choose all Life options without providing proof of your good health. If you are re-enrolling, proof of good health will be required if you select a higher option than you currently have; and for any increase in coverage of 25% or more or \$25,000, whichever is greater. Coverage will not take effect before Sun Life notifies you of the approval of proof of good health.

Long Term Disability

As a new employee you may choose LTD options 1, 2, 3 or 4 without providing proof of your good health. If you are re-enrolling, proof of good health will be

required if you select a higher option than you currently have. However, proof of good health will also be required for coverage in excess of \$8,500. Once approved for an amount over \$8,500, or for any increase in coverage of 25% or more or \$500, whichever is greater. Coverage will not take effect before Sun Life notifies you of the approval of proof of good health.

Spousal Life

As a new employee you may choose Spousal Life option 1 (\$5,000) without providing proof of your good health. If you are re-enrolling, any future increase in coverage must be approved by Sun Life, even if your increase is due to a family status change. If you choose option 2, 3 or 4 you will be required to complete a Statement of Health form. Coverage will not take effect before Sun Life notifies you of the approval of proof of good health.

Child Life

Proof of good health is not required for Child Life.

Health Care Spending Account (HCSA):

Your Health Care Spending Account works like an expense account. Your HCSA allows you to use flex dollars to cover eligible health and dental expenses (items like deductibles, co-insurance, vision care and expenses above plan maximums) that the health and dental options and provincial health insurance do not cover. The HCSA can cover eligible expenses for you and your dependents. Directed credits will be allocated to your HCSA. Please note that HCSA amounts are pro-rated in the first year.

Each time you submit an HCSA claim, either for yourself or for a dependent, you will be reimbursed for eligible expenses, up to the balance in your account. If a claim exceeds your account balance, the claim will be paid up to the amount in your account and returned to you.

Credits can only be used to provide reimbursement for eligible medical expenses under the Canadian Income Tax Act

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins300-350/330/llwbl-eng.html>

“Use It or Lose It”

Your flex plan is an expense carry forward plan, which means you may submit claims you incurred in the previous or current year under a HCSA that you have elected this year. If you choose an HCSA, but do not spend it all, you do not receive the balance as a refund. Consequently, you must use the value of the option you have chosen or lose the balance.

You need to consider that there is the “use it or lose it” principle that applies to each plan year. This means that if you choose HCSA for \$100 the expense account terminates at the end of the plan year, EVEN IF YOU HAVE CLAIMED LESS than the \$100 i.e., “use it or lose it”. It is sensible to limit your selection to an amount that you are sure to use.

Life Event Changes:

You must remember to change your benefits and coverage within 31 days of a “life event change”. A life event change is when you have a change in your marriage or common-law union; divorce; separation or death of a spouse; birth; death; adoption or change in custody of a child; loss of benefit coverage from a spouse’s employer.

Tax Talk:

Nelson Education is providing flex dollars to purchase the “Core Coverage”. Company-provided annual flex dollars used to pay for Health, Dental, AD&D, LTD and Health Care Spending Account are not subject to taxes. However, in Quebec, flex dollars are subject to provincial income taxes except Long Term Disability.

Life insurance and AD&D paid with flex dollars is considered company paid and therefore is considered a taxable benefit in Ontario.

Life Benefits and Long Term Disability Benefits:

Your Life benefits and your Long Term Disability benefits are mandatory coverages. This means that you are not entitled to opt out of these benefits.

Health and Dental Benefits:

You may opt out of the health and dental benefits, as long as you are able to provide proof that you are covered for these benefits under your spouse’s plan.