Benefits Handbook Date January 1, 2017

Participating in Spending Accounts

Marsh & McLennan Companies

Participating in Spending Accounts

This section explains which employees are eligible to participate in the Marsh & McLennan Companies Health Care Flexible Spending, Limited Purpose Health Care Flexible Spending, Dependent Care Flexible Spending and Health Savings Account plans.

While you can use certain accounts to cover costs for certain dependents, your dependents do not enroll for or participate in these plans. See the description of each account for information on which dependents' expenses can be reimbursed by that account.

"You, "Your," and "Employee"

As used throughout this section, "employee, "you" and "your" always mean:

- For Marsh & McLennan Companies participants: a US regular employee of Marsh & McLennan Companies or any subsidiary or affiliate of Marsh & McLennan Companies (other than MMA or Mercer PeoplePro).
- For MMA participants: a US regular employee of MMA-Corporate, MMA-Alaska, MMA-Southwest, MMA-Northeast, or Security Insurance Services.

Sections

Health Care Flexible Spending and Limited Purpose Health Care Flexible Spending Accounts

Eligibility Requirements

If you are an employee of Marsh & McLennan Companies or any subsidiary or affiliate of Marsh & McLennan Companies and you meet the requirements set forth below, you become eligible on your eligibility date.

If you participate in the Health Care Flexible Spending Account, or are covered by another health care flexible spending account (e.g., through your spouse's employer), you are not eligible for the Marsh & McLennan Companies Health Savings Account. However, if you participate in the Health Savings Account, you are also eligible to participate in Marsh & McLennan Companies' Limited Purpose Health Care Flexible Spending Account, which is designed specifically for employees who participate in the Marsh & McLennan Companies $1,500 Deductible Plan or $2,850 Deductible Plan and Health Savings Account.

Eligible Marsh & McLennan Companies Employees (other than MMA and Mercer PeoplePro)

You are eligible if you are an employee classified on payroll as a US regular employee of Marsh & McLennan Companies or any subsidiary or affiliate of Marsh & McLennan Companies (other than Marsh & McLennan Agency LLC and any of its subsidiaries (MMA) and Mercer PeoplePro).

Individuals who are classified on payroll as temporary employees or who are compensated as independent contractors are not eligible to participate.

Eligible MMA Employees

You are eligible if you are an employee classified on payroll as a US regular employee of Marsh & McLennan Agency LLC – Corporate (MMA-Corporate), Marsh & McLennan Agency LLC – Alaska (MMA-Alaska), Marsh & McLennan Agency LLC – Southwest (excluding MHBT Inc.) (MMA-Southwest), Marsh & McLennan Agency LLC – Northeast (MMA-Northeast), or Security Insurance Services.

Individuals who are classified on payroll as temporary employees or who are compensated as independent contractors are not eligible to participate.

Healthcare Spending Accounts

If you contribute to a healthcare flexible spending account, you can use that account to cover eligible expenses for yourself and for dependents, *even if you do not enroll those dependents for coverage under the healthcare plans*. Note that the rules determining which dependents expenses can be reimbursed are different from the rules determining which eligible family members can be covered under the healthcare plans.

Your Eligibility Date

Assuming that you meet the eligibility requirements for the Marsh & McLennan Companies spending accounts, the eligibility date is the date your participation may begin.

There is no waiting period if you are Actively-At-Work. Your eligibility date is the first day you are Actively-At-Work on or after your date of hire.

Enrollment

You must enroll each plan year in order to participate. Once you decide how much to contribute, you can enroll by going to Colleague Connect (**https://colleagueconnect.mmc.com**). Click **Career & Rewards** and select **Mercer Marketplace benefits enrollment website** under Resources. Once you make your selection for the year you can't make any changes unless you have a qualified family status change and then any changes must be due to, and consistent with, the qualified family status change.

You have to re-enroll each year. Elections you make during the Annual Enrollment period will take effect January 1 of the following year.

When You Can Enroll

You are eligible to enroll:

- within 30 days of the date you become eligible
- during Annual Enrollment.

Mid-year enrollment

If you are a new hire or become eligible during the year, you can enroll within 30 days of the date you become eligible. If you decide not to participate, you have to wait until the next Annual Enrollment period to enroll in the Plan, unless you have a qualified family status change and then any changes must be due to, and consistent with the qualified family status change.

What qualified family status changes would permit a change to my spending accounts elections?

The following are qualified family status changes that would permit a change in your spending account elections:

- acquiring a qualifying family member
- loss of a qualifying family member's eligibility status
- death of your spouse or qualifying family member
- marriage
- divorce
- employment status change by you or your spouse (full-time to part-time or vice versa).

Note: The Company determines which specific IRS rules on qualified family status changes to adopt for the Plan (except where a right to change medical coverage is required by law). The Company's enrollment system is programmed to allow only those changes permitted for that particular event. See the *Life Events* section for information on qualified family status changes.

Taxes

Do I contribute to my spending accounts with before-tax or after-tax dollars?

You can only contribute to your Health Care Flexible Spending or Limited Purpose Heath Care Flexible Spending Accounts with before-tax dollars. This means that the money is deducted from your pay before federal, Social Security and most state and local income taxes are withheld.

Note: Your before-tax contributions cease while you are on unpaid leave. If you return to active employment in the same calendar year, your before-tax contributions will resume. The amount of your before-tax contributions will be recalculated for the remainder of the year to "catch-up" for your missed contributions while on unpaid leave. The balance of your annual election will be divided by your remaining pay dates, spreading the balance over the rest of your paychecks through the end of the year. This will increase your per pay period contribution upon return from unpaid leave.

By contributing on a before-tax basis, you reduce your taxable pay, and as a result, you lower the amount of taxes you pay.

What effect does contributing on a before-tax basis have on my benefits?

None. Your annual base salary will be used to calculate salary-related benefits.

What effect does contributing on a before-tax basis have on my paycheck?

Contributing on a before-tax basis means that the amount you pay toward your the Health Care Flexible Spending and Limited Purpose Heath Care Flexible Spending Accounts comes out of your pay before federal, and in most cases, state and local taxes are withheld, so you are paying taxes on a lower amount of salary. Your take-home pay is higher than it would be if you contributed on an after-tax basis.

What effect does contributing on a before-tax basis have on my Social Security benefit?

Your Social Security benefits may be slightly reduced because you pay for coverage on a before-tax basis. This is because your Social Security is based on your taxable pay (up to a specified annual maximum amount of earnings), and your taxable pay is reduced by the amount you contribute to your Health Care Flexible Spending and Limited Purpose Heath Care Flexible Spending Accounts.

What effect does contributing on a before-tax basis have on my W–2?

Your contributions will not be included in your taxable gross earnings on your W-2 statement. This reduces your taxable pay and as a result, lowers the amount of taxes you pay.

Can I claim my reimbursed expenses as a deduction on my tax return?

No. If you are reimbursed for an eligible expense from your Health Care Flexible Spending or Limited Purpose Heath Care Flexible Spending Accounts you cannot claim it as a deduction on your federal income tax return.

When Participation Starts

Your participation will start on:

- your effective date of enrollment, if you enroll within 30 days of becoming eligible
- January 1 if you enroll during Annual Enrollment
- The date of your qualified family status change as long as you enroll within 30 days following the event, and as long as you experience a qualified family status change that allows you to begin participation.

Participation does not continue automatically from plan year to plan year; you have to enroll during the Annual Enrollment period.

Expenses incurred before your participation begins cannot be reimbursed.

When Participation Ends

Your participation ends on the first of the following to occur:

- the date of your death
- the date you discontinue coverage
- the date you no longer meet the eligibility requirements
- the date you terminate employment
- the last date you have paid contributions if you do not make the required contributions
- the date the Plan is terminated.

If your participation ends during the year, you can be reimbursed for expenses you incur before your participation ends.

Continuing Participation

You can continue coverage under Health Care Flexible Spending and Limited Purpose Heath Care Flexible Spending Accounts through COBRA for the remainder of the calendar year if you experience a COBRA qualifying event, register your event, if required, and enroll in COBRA within the legally allowable time frame.

If you continue participation through COBRA, you will make your contributions on an after-tax basis. Since the tax advantage of participating may no longer exist, you should consider talking to a professional tax advisor before you decide to continue participation under COBRA.

Dependent Care Flexible Spending Account

Eligibility Requirements

If you are an employee of Marsh & McLennan Companies or any subsidiary or affiliate of Marsh & McLennan Companies and you meet the requirements set forth below, you become eligible on your eligibility date.

You may participate if you pay someone to care for your qualifying family members.

Eligible Marsh & McLennan Companies Employees (other than MMA and Mercer PeoplePro)

You are eligible if you are an employee classified on payroll as a US regular employee of Marsh & McLennan Companies or any subsidiary or affiliate of Marsh & McLennan Companies (other than MMA and any of its subsidiaries and Mercer PeoplePro).

Individuals who are classified on payroll as temporary employees or who are compensated as independent contractors are not eligible to participate.

Eligible MMA Employees

You are eligible if you are an employee classified on payroll as a US regular employee of Marsh & McLennan Agency LLC – Corporate (MMA-Corporate), Marsh & McLennan Agency LLC – Alaska (MMA-Alaska), Marsh & McLennan Agency LLC – Southwest (excluding MHBT Inc.) (MMA-Southwest), Marsh & McLennan Agency LLC – Northeast (MMA-Northeast), or Security Insurance Services.

Individuals who are classified on payroll as temporary employees or who are compensated as independent contractors are not eligible to participate.

Your Eligibility Date

Assuming that you meet the eligibility requirements for the Marsh & McLennan Companies Dependent Care Flexible Spending Account, the eligibility date is the date your participation may begin.

There is no waiting period if you are Actively-At-Work. Your eligibility date is the first day you are Actively-At-Work on or after your date of hire.

Enrollment

You must enroll each plan year in order to participate. Once you decide how much to contribute, you can enroll by going to Colleague Connect (**https://colleagueconnect.mmc.com**). Click **Career & Rewards** and select **Marketplace benefits enrollment website** under Resources. Once you make your selection for the year, you can't make any changes, unless you have a qualified family status change and then any changes must be due to, and consistent with, the qualified family status change.

You have to re-enroll each year. Elections you make during the Annual Enrollment period will take effect January 1 of the following year.

When You Can Enroll

You are eligible to enroll:

- within 30 days of the date you become eligible
- during Annual Enrollment.

Mid-year enrollment

If you are a new hire or become eligible during the year, you can enroll within 30 days of the date you become eligible. If you decide not to participate, you have to wait until the next Annual Enrollment period to join the Plan, unless you have a qualified family status change and then any changes must be due to, and consistent with, the qualified family status change.

What qualified family status changes would permit a change to my Dependent Care Flexible Spending Account?

The following are qualified family status changes that would permit a change in elections:

- acquiring a qualifying family member
- death of your spouse or qualifying family member
- divorce
- employment status change by you or your spouse (full-time to part-time or vice versa)
- loss of a qualifying family member's eligibility status
- marriage
- although not a qualified family status change, you can change the amount you contribute if your dependent care provider (e.g., child's day-care provider) or eligible expense changes during the year.

Note: The Company determines which specific IRS rules on qualified family status changes to adopt for the Plan (except where a right to change medical coverage is required by law). The Company's enrollment system is programmed to allow only those changes permitted for that particular event. See the Life Events section for information on qualified family status changes.

Taxes

Do I contribute to my Dependent Care Flexible Spending Account with before-tax or after-tax dollars?

You contribute to your Dependent Care Flexible Spending Account with before-tax dollars. This means that the money is deducted from your pay before federal, Social Security and most state and local income taxes are withheld.

Note: Your before-tax contributions cease while you are on unpaid leave. If you return to active employment in the same calendar year, your before-tax contributions will resume. The amount of your before-tax contributions will be recalculated for the remainder of the year to "catch-up" for your missed contributions while on unpaid leave. The balance of your annual election will be divided by your remaining pay dates, spreading the balance over the rest of your paychecks through the end of the year. This will increase your per pay period contribution upon return from unpaid leave.

By contributing on a before-tax basis, you reduce your taxable pay, and as a result, you lower the amount of taxes you pay.

What effect does contributing on a before-tax basis have on my benefits?

None. Your annual base salary will be used to calculate salary-related benefits.

What effect does contributing on a before-tax basis have on my paycheck?

Contributing on a before-tax basis means that the amount you pay toward your the Dependent Care Flexible Spending Account comes out of your pay before federal, and in most cases, state and local taxes are withheld, so you are paying taxes on a lower amount of salary. Your take-home pay is higher than it would be if you contributed on an after-tax basis.

What effect does contributing on a before-tax basis have on my Social Security benefit?

Your Social Security benefits may be slightly reduced because you pay for coverage on a before- tax basis. This is because your Social Security is based on your taxable pay (up to a specified annual maximum amount of earnings), and your taxable pay is reduced by the amount you contribute to your Dependent Care Flexible Spending Account.

What effect does contributing on a before-tax basis have on my W–2?

Your contributions will not be included in your taxable gross earnings on your W-2 statement. This reduces your taxable pay and as a result, lowers the amount of taxes you pay. However, the Company must report on your W–2 Form any before-tax salary amounts you contribute to the Dependent Care Flexible Spending Account for the Plan year.

You must file the name, address, and taxpayer I.D. or Social Security number of your dependent care provider with your federal tax returns.

When Participation Starts

Your participation will start on:

- your effective date of enrollment, if you enroll within 30 days of becoming eligible
- January 1 if you enroll during Annual Enrollment
- The date of your qualified family status change as long as you enroll within 30 days following the event, and as long as you experience a qualified family status change that allows you to begin participation.

Participation does not continue automatically from plan year to plan year; you have to enroll during the Annual Enrollment period.

Expenses incurred before your participation begins cannot be reimbursed.

When Participation Ends

Your participation ends on the first of the following to occur:

- the date of your death
- the date you discontinue coverage
- the date you no longer meet the eligibility requirements
- the date you terminate employment
- the date you cease to have any qualifying family members
- the last date you have paid contributions if you do not make the required contributions
- the date the Plan is terminated.

If your participation ends during the year, you can be reimbursed for expenses you incur before your participation ends.

Continuing Participation

You cannot continue to participate through COBRA. If your participation ends during the year, you can be reimbursed for eligible expenses you incur before your participation ends.

Health Savings Account

Eligibility Requirements

If you are an employee of Marsh & McLennan Companies or any subsidiary or affiliate of Marsh & McLennan Companies and you meet the requirements set forth below, you become eligible on your eligibility date.

In order to establish and contribute to the Health Savings Account, you must:

- be enrolled in the Marsh & McLennan Companies $1,500 Deductible Plan or $2,850 Deductible Plan,
- not be covered by other health insurance (this rule does not apply to specific injury insurance and accident, disability, dental care, vision care, or long-term care),
- not be eligible for and enrolled in any Medicare benefit, and
- not be claimed as a dependent on someone else's tax return.

Therefore you are not eligible to contribute to the Health Savings Account if you or a family member participates in a traditional Health Care Flexible Spending Account (such as through your spouse's employer's plan), if you are eligible for and enrolled in any Medicare benefit, or if you have other non-high-deductible health plan coverage (other than specific injury insurance and accident, disability, dental care, vision care or long-term care). In addition, if you participate in the Health Savings Account, you are also eligible to participate in Marsh & McLennan Companies' Limited Purpose Health Care Flexible Spending Account.

Eligible Marsh & McLennan Companies Employees (other than MMA and Mercer PeoplePro)

You are eligible if you are an employee classified on payroll as a US regular employee of Marsh & McLennan Companies or any subsidiary or affiliate of Marsh & McLennan Companies (other than MMA and any of its subsidiaries or Mercer PeoplePro).

Individuals who are classified on payroll as temporary employees or who are compensated as independent contractors are not eligible to participate.

Eligible MMA Employees

You are eligible if you are an employee classified on payroll as a US regular employee of Marsh & McLennan Agency LLC – Corporate (MMA-Corporate), Marsh & McLennan Agency LLC – Alaska (MMA-Alaska), Marsh & McLennan Agency LLC – Southwest (excluding MHBT Inc.) (MMA-Southwest), Marsh & McLennan Agency LLC – Northeast (MMA-Northeast), or Security Insurance Services.

Individuals who are classified on payroll as temporary employees or who are compensated as independent contractors are not eligible to participate.

Your Eligibility Date

Assuming that you meet the eligibility requirements for the Marsh & McLennan Companies Health Savings Account, the eligibility date is the date your participation may begin.

There is no waiting period if you are Actively-At-Work. Your eligibility date is the first day you are Actively-At-Work on or after your date of hire.

Enrollment

You must enroll each plan year in order to participate. Once you decide how much to contribute, you can enroll by going to Colleague Connect (**https://colleagueconnect.mmc.com**). Click **Career & Rewards** and select **Marketplace benefits enrollment website** under Resources.

You have to re-enroll each year. Elections you make during the Annual Enrollment period will take effect January 1 of the following year.

When You Can Enroll

You are eligible to establish a Health Savings Account anytime during the plan year if you are enrolled in the Marsh & McLennan Companies $1,500 Deductible Plan or $2,850 Deductible Plan. Your contributions begin on the first of the month coincident with or following the date you establish the Health Savings Account. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Marsh & McLennan Companies $1,500 Deductible Plan or $2,850 Deductible Plan.

You also have the opportunity to establish a Health Savings Account during Annual Enrollment for the coming year.

Taxes

Do I contribute to my Health Savings Account with before-tax or after-tax dollars?

In general, you contribute to your Health Savings Account with before-tax dollars. This means that the money is deducted from your pay before federal, Social Security and most state and local income taxes are withheld.

By contributing on a before-tax basis, you reduce your taxable pay, and as a result, you lower the amount of taxes you pay.

If you are age 55 and above and elect to make catch-up contributions, your contributions are made with before-tax dollars.

Note: Your before-tax contributions cease while you are on unpaid leave. If you return to active employment in the same calendar year, your before-tax contributions will resume. The amount of your before-tax contributions will be recalculated for the remainder of the year to "catch-up" for your missed contributions while on unpaid leave. The balance of your annual election will be divided by your remaining pay dates, spreading the balance over the rest of your paychecks through the end of the year. This will increase your per pay period contribution upon return from unpaid leave.

While you are on an authorized unpaid leave of absence, you may continue to contribute to your Health Savings Account if you meet all the eligibility criteria, including not being enrolled in any Medicare benefit on an after-tax basis by making a contribution to your Health Savings Account via the Spending Account Service Center. If you made after-tax contributions to your Health Savings Account during your authorized unpaid leave of absence, those contributions will not be considered when your payroll contributions are automatically adjusted. It is your responsibility to make sure that your total contributions do no exceed the total annual on Health Savings Account contributions.

What effect does contributing on a before-tax basis have on my benefits?

None. Your annual base salary will be used to calculate salary-related benefits.

What effect does contributing on a before-tax basis have on my paycheck?

Making before-tax contributions to your Health Savings Account means that the amount you contribute toward your Health Savings Account is determined before taxes are withheld, so you are paying taxes on a lower amount of salary. Your take-home pay is higher than it would be if you paid for your coverage on an after-tax basis.

What effect does contributing on a before-tax basis have on my Social Security benefit?

Depending on your salary, your Social Security benefits may be lower. This is because your Social Security is based on your taxable pay (up to a specified annual maximum amount of earnings), and your taxable pay is reduced by the amount you contribute to the Health Savings Account.

What effect does contributing on a before-tax basis have on my W–2?

Your contributions won't be included in your taxable gross earnings on your W–2 statement. This reduces your taxable pay for federal purposes and as a result, lowers the amount of federal taxes your pay.

Can I claim my expenses paid by the Health Savings Account as a deduction on my tax return?

No. If you receive tax-free withdrawals from the Health Savings Account, you cannot claim those expenses as a deduction on your federal income tax return. You can, however, claim any after-tax contributions, such as contributions made while on an unpaid leave of absence, as a deduction on your federal income tax return.

Does the additional 20% tax apply to my Health Savings Account withdrawals for nonqualified medical expenses if I am disabled?

No. The 20% additional tax that generally applies if a withdrawal is not used for qualified medical expenses does not apply when you are disabled. However, the amount of the withdrawal will be included in your taxable income and subject to federal, state and local taxes as applicable.

Does the additional 20% tax apply to my Health Savings Account withdrawals for nonqualified medical expenses if I am age 65 or over?

No. The 20% additional tax that generally applies if a withdrawal is not used for qualified medical expenses does not apply when you are at least age 65. However, the amount of the withdrawal will be included in your taxable income and subject to federal, state and local taxes as applicable.

When Contributions Start

Your contributions will start on:

- The first of the month coincident with or following your effective date of enrollment as long as you are actively employed. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Marsh & McLennan Companies $1,500 Deductible Plan or $2,850 Deductible Plan.
- January 1 if you enroll during Annual Enrollment.

Participation does not continue automatically from plan year to plan year; you have to enroll during the Annual Enrollment period.

Expenses incurred before your participation begins cannot be reimbursed.

When Contributions End

Your before-tax contributions end on the first of the following to occur:

- The date you no longer meet the eligibility requirements
- The date you terminate employment
- The date of your death
- The date the Plan is terminated.

Continuing Participation

If you meet the eligibility requirements to contribute to the Health Savings Account (by electing COBRA for the Marsh & McLennan Companies $1,500 Deductible Plan or $2,850 Deductible Plan or having other high-deductible health plan coverage) you can make Health Savings Account contributions on an after-tax basis directly to the Health Savings Account Administrator. (You may be entitled to a tax deduction for these after-tax contributions.)