AFTER THE LAYOFF:
Frequently Asked Questions and Answers

HEALTH AND WELFARE
BENEFITS/COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires certain employers to offer group health plan continuation coverage to employees and their covered dependents who would otherwise lose such coverage because of termination of employment or other specific qualifying events set forth in the Act. Please consult your summary plan description for more information about COBRA continuation coverage.

COBRA continuation coverage generally includes the medical (core), dental and vision (non-core) coverage provided by a group health plan. COBRA also applies to health care flexible spending account plans. Welfare benefits — such as life insurance, personal accident insurance (AD&D), short-term salary continuation and long-term disability benefits — are not subject to continuation under COBRA.

Please refer to the deadlines to elect and pay for COBRA continuation coverage, as set forth in the COBRA Notice sent to eligible individuals.

Q When do Administaff group health and welfare benefits cease?
For termination of employment, Administaff group health and welfare benefits cease at midnight on the date of termination (unless a state insurance law provides otherwise).

Q When is the COBRA notice mailed?
The administrator has 14 days from the time of notification of a qualifying event to notify the beneficiaries of their COBRA rights.

Q How much do COBRA benefits cost?
COBRA premium rates are determined by the type of coverage elected. Premium information is covered in the COBRA Notice mailed by Administaff.

Q If a terminated employee was enrolled in the Administaff Group Health Plan and is rehired, will his/her benefits coverage be reinstated?

OR

Q If a terminated employee elects COBRA continuation coverage and is then rehired, will he/she need to go through another waiting period for benefits?

- If the terminated employee is rehired and regains eligibility for coverage within 7 days of his/her termination, he/she will be treated as continuously eligible and no waiting period will apply.
- If the terminated employee is rehired and regains eligibility for coverage after 7 but before 31 days, the employee’s prior coverage will be automatically reinstated with no waiting period.
- If rehire occurs on or after 31 days, the employee may enroll when eligible as a new hire, including satisfying any applicable waiting period. An Administaff Benefits Enrollment/Change Request form must be completed and submitted to Payroll in order to enroll for coverage.

See the summary plan description section entitled “If You Lose and Regain Eligibility During the Same Coverage Period” for more information.

Q If a terminated employee had not yet qualified for benefits prior to termination and is rehired, will the waiting period begin again or pick up where it left off?
If the employee is rehired at a worksite covered under the Administaff Group Health Plan, the waiting period will begin again.
HEALTH AND WELFARE

BENEFITS/COBRA (continued)

Q How long are group health plan benefits continued under COBRA?
In most instances, up to 18 months. Extended benefits are available in certain circumstances for up to 29 months. Eligibility requirements are covered in the COBRA Notice the participant will receive.

Q How does a terminated employee convert his/her life insurance, if eligible?
An eligible terminated employee must complete conversion forms for basic life insurance and other supplemental benefits policies (basic and voluntary personal accident insurance and disability insurance) within 31 days of the employment termination date. Voluntary life insurance will continue in force, with the insurance company billing the participant directly (coverage will be cancelled upon request of the participant, or if no payment is made). If you have questions about the conversion process, please call Administaff at: 800-242-8893, ext. 2404.

UNEMPLOYMENT BENEFITS

The purpose of unemployment benefits is to:
• Help an individual find a new job, and
• Pay unemployment compensation to eligible workers unemployed through no fault of their own.

The amount of unemployment benefits available to any claimant is based on wages he or she earned in the base period of the claim. Employers who paid wages to the employee during a “base period” may be liable for an ex-employee’s benefits. The state unemployment agency determines whether an individual is eligible for unemployment benefits and whether an employer is liable.

An eligible terminated employee must contact his/her local state unemployment agency office to file an initial claim. Depending on the state, the initial claim can be filed in person, by phone or on the Internet.

Q Am I eligible to receive unemployment benefits?
If you lose your job for reasons you cannot control (layoff), you may be eligible for benefits. You will need to have worked and earned some wages for part of the last 18 months. Consult with your local or state unemployment agency as eligibility requirements can differ from state to state.

Q Where do I go to apply for benefits?
Your local unemployment agency office.

Q How much money will I get?
Each state has a specific formula for determining the amount of weekly unemployment compensation to be paid and that information will be conveyed to you during the claim investigation process.

Q Is unemployment compensation taxable?
Yes, you will receive a Form 1099-G from the state and you must include the compensation as income for the year in which received. Please check with your state unemployment agency for more information.

Q How do I file?
Depending on the state, you may file your initial claim in person, by phone or via the Internet. Remember, you have been an employee of ADMINISTAFF for unemployment purposes. Please list your last employer as:

ADMINISTAFF
19001 Crescent Springs Drive
Kingwood, TX 77339-3802
Toll-free: 800-242-8893

Q How long will it take before I receive a check?
A waiting period of 1 week of total unemployment is required in most states. You may need to wait up to 10 days to 2 weeks before you receive a check.
UNEMPLOYMENT BENEFITS (continued)

Q Am I required to report a specified number of job applications or job interviews per week to the unemployment office?
There are a few requirements that your state agency will explain to you. After filing your initial claim, most of your contact with the agency will be via the telephone.

Q Can I work for cash and still draw benefits?
No, generally you must report all earnings each week to your local unemployment agency office.

Q If I find only part-time work, will my benefits stop?
It depends on how much you earn at the part-time work. Report all earnings to your state agency and they will determine if you are still eligible. Sometimes you can work part-time and still receive partial unemployment benefits.

CREDIT UNION

What happens to my credit union account?
Q Credit union membership is for life, regardless of your employment status. If you wish to discontinue your membership or have questions about your account, contact the credit union directly.

ADMINISTAFF 401(K) PLAN

Q If I’m a participant in the Administaff 401(k) plan, what happens to my account balance upon termination of employment?
Because all contributions are vested immediately, a participant is eligible to request the full account balance, 30 days after the last day of employment, at which time the participant may contact Administaff Retirement Services to request one of the following forms of distribution:

- Lump sum cash distribution
- Rollover into another qualified plan or Individual Retirement Account (IRA)

Q What happens if my vested account balance is $1,000 or less?
• The participant must request a direct rollover to another employer’s retirement plan, or
• A direct rollover to an individual retirement account (IRA), or
• Receive a lump sum distribution.

- If there is not an election made, the Plan will make a lump sum distribution payable to the participant without his consent. Call Administaff Retirement Services at 888-401-5273, or logon to the Retirement Service Center at www.administaffretirement.com to make an election.

Q What happens if my vested account balance exceeds $1,000?
• The participant may defer receipt of his distribution until a later date*, or until such time as he is required to receive a distribution from the Plan, (age 70½ ), or
• Request a direct rollover to another employer’s retirement plan, or
• Request a direct rollover to an Individual Retirement Account (IRA), or
• Receive a lump sum distribution.

* Participants will not be eligible to make an election if rehired or becomes an active Administaff employee, unless the participant qualifies for an age 59½ in-service withdrawal.
ADMINISTAFF 401(K) PLAN (continued)

Q What happens if the participant has an outstanding 401(k) loan?
   • Administaff allows loans to be rolled to another employer’s retirement plan provided that the receiving Plan will accept the loan as part of his eligible rollover contribution.
   • Loans may not be rolled over to Individual Retirement Accounts (IRAs).
   • If a lump sum distribution is elected, the loan must be paid in full, otherwise it will be considered taxable at the time of the distribution.

If the outstanding loan balance is not repaid within 90 days after the last payment, the loan will be considered a taxable distribution for the Plan, and applicable tax reporting forms will be issued the following January.

Q What happens if the participant is rehired or becomes an active Administaff employee?
   The participant will no longer be eligible to receive a distribution unless they qualify for an age 59½ in-service withdrawal.

Call Administaff Retirement Services at 888-401-5273 to make an election.

OUTPLACEMENT

Administaff has an alliance with Lee Hecht Harrison, a career services industry leader whose services include outplacement, leadership development and coaching, and career development. You may also access this product and preferred pricing information by going to the Former Employee Toolbox on the Employee Service Center at www.administaffservices.com or by calling Lee Hecht Harrison at 800-877-0811.

EMPLOYMENT VERIFICATION

Administaff is the employer on record and all employment verification inquiries should be directed to the Administaff Employment Verification group at:

PHONE:  800-242-8893 ext. 3796
       or 281-348-3796
FAX:  866-235-8172