MEMORANDUM

TO: ALL PARTICIPANTS IN THE Kenmore-Town of Tonawanda UFSD Flexible Spending Plan
FROM: _____
RE: PLAN CHANGE

Effective Date: July 1, 2026

By law, we are required to inform you of any changes that are made to the Plan. The purpose of this memo is to let you know that the Plan's limitation on payments under the Dependent Care Flexible Spending Account has been updated to reflect certain provisions of the recently enacted One Big Beautiful Bill. (the "OBBB").

Dependent Care Flexible Spending Account

The Dependent Care Flexible Spending Account enables you to pay for out-of-pocket, work-related dependent day-care costs with pre-tax dollars. If you are married, you can use the account if you and your spouse both work or, in some situations, if your spouse goes to school full-time. Single employees can also use the account.

The most that you can contribute to your Dependent Care Flexible Spending Account for the Plan Year is $7,500.00. Until now, the maximum amount was $5,000.00 per plan year.

An eligible dependent is someone for whom you can claim expenses on Federal Income Tax Form 2441 "Credit for Child and Dependent Care Expenses." Children must be under age 13. Other dependents must be physically or mentally unable to care for themselves. Dependent Care arrangements which qualify include:

a. A Dependent (Day) Care Center, provided that if care is provided by the facility for more than six individuals, the facility complies with applicable state and local laws;

b. An Educational Institution for pre-school children. For older children, only expenses for non- school care are eligible; and

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c. An "Individual" who provides care inside or outside your home: The "Individual" may not be a child of yours under age 19 or anyone you claim as a dependent for Federal tax purposes.

You should make sure that the Dependent Care Expenses you are currently paying qualify under our Plan.

The law places limits on the amount of money that can be paid to you in a calendar year from your Dependent Care Flexible Spending Account. Generally, your reimbursements may not exceed the lesser of: (a) $7,500.00 (if you are married filing a joint return or you are head of a household) or $3,750 (if you are married filing separate returns); (b) your taxable compensation; (c) your spouse's actual or deemed annual earned income (a spouse who is a full time student or incapable of caring for himself/herself has a deemed monthly earned income of $250 for one dependent or $500 for two or more dependents).

Also, in order to be able to exclude from your income the reimbursements made to you from this account, you must provide on your tax form for the year the name, address, and in most cases, the taxpayer identification number of the service provider, as well as the amount of such expense. In addition, Federal tax laws permit a tax credit for certain Dependent Care Expenses you may be paying even if you are not a Participant in this Plan. You may save more money if you take advantage of this tax credit rather than using the Dependent Care Flexible Spending Account under our Plan. Consult with your tax adviser for further information.

If you have any questions, please contact me.