

**SUMMARY OF MATERIAL MODIFICATIONS
for the**

Micro Encoder Inc.
Flexible Benefits Plan

**I
INTRODUCTION**

This is a Summary of Material Modifications regarding the Employer Name Flexible Benefits Plan (the “Plan”). This is merely a summary of the most important changes to the Plan and information contained in the Summary Plan Description (“SPD”) previously provided to you. It supplements and amends that SPD so you should retain a copy of this document with your copy of the SPD. If you have any questions, contact the Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control.

**II
SUMMARY OF CHANGES**

Increase and Indexing of Carryover.

Effective as of the effective date, the Employer amends their plan to increase the carryover and allow for indexing.

On May 12, 2020, the Internal Revenue Service released guidance impacting section 125 cafeteria plans. This guidance is designed to provide temporary flexibility for employers and employees and assist with the National response to the 2019 Novel Coronavirus outbreak (COVID-19).

These changes permit participants to carryover \$550 for the plan year beginning on or after January 1, 2020. Additionally, the increase in the amount that can be carried over from one plan year to the next shall be indexed for inflation.

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SUMMARY OF CHANGES**

Amendment Allowing Over-the-Counter Expenses Without a Prescription.

Section 3702 of the CARES Act lifts the prescription requirement for certain Over-the-Counter (“OTC”) medical products.

Specifically, the Cares Act includes certain OTC medical products as qualified medical expenses. The law allows FSAs to reimburse over-the-counter medicines and drugs without a prescription and permits menstrual care products as a permitted expense.

This amendment clarifies and amends any contrary language in the plan document or summary plan description as of the Effective Date to permit OTC medical expenses without a prescription and menstrual care products as eligible expenses.

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**II
SUMMARY OF CHANGES**

Section 125 Change in Status under the Health or Dependent Care FSA.

Effective as of the effective date, the Employer amends their plan to allow for the below change in status flexibility. This is a temporary change effective only for the plan year beginning in 2020.

On May 12, 2020, the Internal Revenue Service released guidance impacting section 125 cafeteria plans. This guidance is designed to provide temporary flexibility for employers and employees and assist with the National response to the 2019 Novel Coronavirus outbreak (COVID-19). These changes permit, under certain circumstances, prospective changes to health and dependent care FSA elections as follows:

- a) employees may revoke a health FSA election, make a new election, or decrease or increase an existing election on a prospective basis; and
- b) employees may revoke a dependent care FSA election, make a new election, or decrease or increase an existing election on a prospective basis.

Employers are not required to allow unlimited election changes but may determine the extent to which such changes are permitted and applied. Any change allowed shall not permit a revocation or decrease in election below the amount already disbursed.

**SUMMARY OF MATERIAL MODIFICATIONS
for the**

Mitutoyo Research & Development America, Inc.
Flexible Benefits Plan

**I
INTRODUCTION**

This is a Summary of Material Modifications regarding the Mitutoyo Research & Development America, Inc. Flexible Benefits Plan (the “Plan”). This is merely a summary of the most important changes to the Plan and information contained in the Summary Plan Description (“SPD”) previously provided to you. It supplements and amends that SPD so you should retain a copy of this document with your copy of the SPD. If you have any questions, contact the Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control.

**II
SUMMARY OF CHANGES**

H.R. 133 Consolidated Appropriations Act Amendment(s). The Employer hereby amends the Plan as follows:

Carryover of Unused Funds in Health and Dependent Care Flexible Spending Arrangements for 2020 and 2021 Plan Years.

On December 27, 2020, H.R. 133 Consolidated Appropriations Act was signed into law, impacting section 125 cafeteria plans. This guidance is designed to provide temporary flexibility for employers and employees and assist with the National response to the 2019 Novel Coronavirus outbreak (COVID-19).

Effective as of the effective date, the Employer amends their plan to allow the carryover of unused funds from plan year 2020 to plan year 2021 and unused funds from plan year 2021 to plan year 2022.

For plan years ending in 2020 and 2021, a plan that includes a health flexible spending arrangement or dependent care flexible spending arrangement shall not fail to be treated as a cafeteria plan under the Internal Revenue Code of 1986 merely because such plan or arrangement permits participants to carryover (similar to the rules applicable to health flexible spending arrangements) any unused benefits or contributions remaining in any such flexible spending arrangement from such plan years to the plan year ending in 2021 and 2022.

These changes permit participants to carryover any unused benefits or contributions remaining in their 2020 and 2021 flexible spending arrangement from such plan year to the subsequent plan year.

The carryover guidance is an extension of coverage that is not HSA compatible, consequently any employee with unused amounts remaining at the end of a plan year or grace period ending in 2020 or 2021 will not be eligible to contribute to an HSA during the extend period (unless the FSA is a limited FSA).

Section 125 Change in Status under the Health or Dependent Care FSA

Effective as of the effective date, the Employer amends their plan to allow for the below change in status flexibility. This is a temporary change effective only for the plan year ending in 2021.

On December 27, 2020, H.R. 133 Consolidated Appropriations Act was signed into law, impacting section 125 cafeteria plans. This guidance is designed to provide temporary flexibility for employers and employees and assist with the National response to the 2019 Novel Coronavirus outbreak (COVID-19). These changes permit, under certain circumstances, prospective changes to health and dependent care FSA elections as follows:

- a) employees may revoke a health FSA election, make a new election, or decrease or increase an existing election on a prospective basis; and
- b) employees may revoke a dependent care FSA election, make a new election, or decrease or increase an existing election on a prospective basis.

Employers are not required to allow unlimited election changes but may determine the extent to which such changes are permitted and applied. Any change allowed shall not permit a revocation or decrease in election below the amount already disbursed.

SUMMARY OF MATERIAL MODIFICATIONS

for the

Mitutoyo Research & Development America, Inc.

Flexible Benefits Plan

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INTRODUCTION

This is a Summary of Material Modifications regarding the Mitutoyo Research & Development America, Inc. Flexible Benefits Plan (the “Plan”). This is merely a summary of the most important changes to the Plan and information contained in the Summary Plan Description (“SPD”) previously provided to you. It supplements and amends that SPD so you should retain a copy of this document with your copy of the SPD. If you have any questions, contact the Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control.

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SUMMARY OF CHANGES

- 2.1 **Effective Date.** The provisions of this Amendment, unless otherwise indicated are effective as of June 1, 2021 (the “Effective Date”).
- 2.2 **American Rescue Plan Act of 2021 Amendment.** The Employer hereby amends the plan within the 2021 calendar year as follows:

Increase in Exclusion for Employer Provide Dependent Care Assistance

Section 9632 of the American Rescue Plan Act (ARPA) amends Section 129(a)(2) of the internal Revenue code of 1986. In the case of any taxable year beginning after December 31, 2020, and before January 1, 2022.

The amount which may be excluded for dependent care assistance with respect to dependent care services provided during a taxable year shall not exceed \$10,500 (\$5,250 in the case of a separate return by a married individual).