

## Lifestyle Overview

### Plan Funding

The Lifestyle benefit utilizes a disbursement style funding arrangement which requires funds transfer equal to employee claim reimbursements. In a disbursement funding arrangement, the employer holds on to plan funds and Navia debits the employer's bank account equal to the claim activity. A disbursement style funding arrangement is also known as a Zero Balance Account (ZBA). A year-end plan forfeiture report will be provided after the claim run out period and ERISA appeal period is complete and any discrepancies in accounting will be reported and refunded or requested at that time.

### Disbursement Processing

Employees can expect to receive manual claim reimbursements on a weekly basis, unless a different reimbursement frequency was requested during plan implementation.

The Disbursement Report (DWS) lists claim activity associated with the specified processing cycle. Disbursement Reports can be found on the Employer Portal by selecting 'Reports' then 'Disbursement Report' in the left-hand menu. Navia will initiate a direct debit from the employer's bank account equal to the amount shown on the Disbursement Report within 1 business day.

### Imputed Income Report

The Lifestyle benefit is considered a taxable benefit, meaning employees must be taxed on the benefits used. The Imputed Income Report lists the total amount reimbursed to each employee during a specified date range and is used to determine the value of imputed income.