

SPOUSAL SURCHARGE – FREQUENTLY ASKED QUESTIONS

1. What is the Spousal Surcharge?

The Spousal Surcharge is a monthly charge you will pay, in addition to your regular medical plan coverage premium, if your working spouse has access to other employer-sponsored medical coverage but you choose to enroll him or her in the CPChem domestic medical plan.

2. How much will the Spousal Surcharge cost?

The Spousal Surcharge will be \$100 per month (\$50 per pay period).

3. Is the Spousal Surcharge deducted before or after income taxes?

The Spousal Surcharge is a “pre-tax” deduction like your medical premiums.

4. Does the Spousal Surcharge apply if my spouse is employed and is offered medical coverage by his or her employer, but I enroll him or her in CPChem’s domestic medical plan?

Yes, the Spousal Surcharge applies in this situation.

5. Does the Spousal Surcharge apply if I enroll my spouse in CPChem’s dental and vision coverage but not in CPChem’s domestic medical coverage?

No, the Spousal Surcharge only applies if you enroll your working spouse with access to his or her employer’s medical coverage in CPChem’s domestic medical plan.

6. What happens if I don’t answer the Spousal Surcharge question?

At the end of Open Enrollment, the system will apply the Spousal Surcharge to anyone who has enrolled a spouse in medical coverage and has not answered the Spousal Surcharge question. You must take action in order to avoid the application of the Spousal Surcharge.

7. Does the Spousal Surcharge apply if both spouses are CPChem employees?

No, the Spousal Surcharge does not apply if both spouses are CPChem employees. If you and your spouse are both CPChem employees, please answer “No” on the Mercer website *My Information* section to the question “Does your spouse have access to medical coverage through their own employer?”.

8. Is the Spousal Surcharge waived because I enroll my spouse in both his or her employer’s medical plan as primary and CPChem’s medical plan as secondary?

No, the Spousal Surcharge is not waived in this situation, and therefore the Spousal Surcharge applies.

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9. Does the Spousal Surcharge apply if my spouse is a retiree who is offered his or her company's retiree medical coverage or who is not employed but enrolls in Medicare?

No, the Spousal Surcharge does not apply in this situation.

10. Does the Spousal Surcharge apply if my spouse works for an employer that does not offer coverage, if my spouse is not eligible for medical coverage offered by his or her employer (for example, your spouse works part-time and part-time employees are not eligible for medical coverage), or if my spouse is self-employed without access to other medical coverage?

No, the Spousal Surcharge does not apply in these situations.

11. If my spouse has access to Veterans' Administration (VA) benefits or Tricare and I enroll him or her in the CPChem medical plan, does the Spousal Surcharge apply?

No, the Spousal Surcharge does not apply in this situation. You should answer "No" to the question, "Does your spouse have access to medical coverage through their own employer?"

12. Does the Spousal Surcharge apply to CPChem's expatriate employees?

No, the Spousal Surcharge does not apply to expatriate employees.

13. How does the Spousal Surcharge work as it relates to spouses who have an open enrollment period or medical plan year that does not align with CPChem's open enrollment period or medical plan year?

The Spousal Surcharge applies from January 1 through the date that your spouse is removed from CPChem medical plan coverage, assuming that your spouse is eligible for coverage under his or her own employer's plan. This applies regardless of your spouse's employer's medical plan-year cycle. You can call your spouse's employer to see if our change, or his or her loss of coverage, constitutes a "qualified status change" or "life event." If so, your spouse may be able to move to his or her own employer's coverage and be removed from CPChem's coverage effective January 1. From CPChem's perspective, our medical plan would consider this change in a spouse's employer's plan as a life event, per the language excerpted from our Summary Plan Description (SPD) below.

Excerpt from the CPChem SPD "How to Participate" Chapter at <http://www.mycpchembenefits.com/benefit-handbooks>: *You may also make certain changes to your benefit elections if your spouse or another dependent experiences a significant change in the cost (increase or decrease) or coverage level of their employer sponsored benefit plan, and their open enrollment period does not coincide with Chevron Phillips Chemical's open enrollment period. For example, if your spouse is covered by his/her employer-offered HMO plan and that plan is eliminated, that change would be considered "significant" and would allow you to add your spouse to your Chevron Phillips Chemical health coverage outside of the open enrollment period.*

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14. Why is the company not implementing a surcharge for employees who have dependent children enrolled in the plan who also have medical insurance available through their employer?

Under the Affordable Care Act, to which our plan is subject, “working children surcharges” are not allowed. For reference, please see this link: <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/young-adult-and-aca>.

15. Does the Spousal Surcharge mean that CPChem no longer values families?

No, CPChem continues to provide a larger subsidy for employees with dependents than for employees without dependents, even considering the Spousal Surcharge. See the table of company medical subsidies below.

DOMESTIC MEDICAL COVERAGE TIER	ANNUAL COMPANY SUBSIDY (WITHOUT SPOUSAL SURCHARGE)	ANNUAL COMPANY SUBSIDY (WITH SPOUSAL SURCHARGE)
Employee-Only	\$ 8,146.56	\$ 8,146.56
Employee + Spouse	\$17,992.80	\$16,792.80
Employee + Child(ren)	\$15,488.28	\$15,488.28
Employee + Family	\$21,555.84	\$20,355.84

16. Is there a chance I will be audited regarding the Spousal Surcharge? If so, what type of documentation might be requested?

Yes, CPChem intends to conduct periodic spot audit sampling of employees who cover their spouses on our domestic medical plan and have attested that their spouse does not have access to their own employer’s coverage. Documentation requested may include, but is not limited to, tax records, publicly available information and signed documents regarding medical coverage from your spouse’s employer.

17. What might be the consequences of the audit determining a misrepresentation of a spouse’s access to other coverage?

At a minimum, the Spousal Surcharge will be reinstated. In addition, the circumstances of the misrepresentation would be reviewed, and if warranted, disciplinary action per the company’s discipline policy (HR 5250 Discipline) could occur, up to and including termination of employment.

Notice to Participants

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