

Nixon Benefits

Disclosure of Services and Compensation

Prepared for the [XYZ] Health & Welfare Plan

Purpose of This Document

We are providing this document to you in your capacity as the responsible plan fiduciary for the [XYZ] Health & Welfare Plan (the “Plan”), which is subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and as the party with authority for the Plan’s overall arrangement with Nixon Benefits (“Nixon”) for the provision of brokerage and/or consulting services. Under Section 408(b)(2) of ERISA, as amended by the Consolidated Appropriations Act of 2021, covered service providers to ERISA health and welfare plans (such as Nixon) are required to provide plan fiduciaries with certain information about the services they provide to ERISA plans and about the compensation (both direct and indirect) that they receive in connection with such services. This disclosure is not intended as an offer for any insurance product or services.

Reasons for Disclosure Requirements

As a fiduciary of the Plan it is your responsibility to understand how service providers to the Plan are compensated for their brokerage and consulting services and to be able to conclude that no more than reasonable amounts are provided in exchange for such services. The U.S. Department of Labor has stated that the 408(b)(2) disclosure requirements are intended to ensure that health and welfare plan service providers present necessary information about their services and compensation, so that plan fiduciaries may make informed decisions about costs and services in discharging their fiduciary responsibilities to select and monitor service providers.

What Nixon Benefits Is Doing to Comply

On the following pages we describe the services we provide to the Plan and address commissions, fees, charges, and other compensation related to our services. Should you have any questions concerning this guide or the information provided to you concerning our services or compensation, please do not hesitate to contact [enter name of person and/or office] at 949-706-7632.

Services to be Provided

The services provided by Nixon Benefits may include but are not limited to:

- Placement Services
- Enrollment Services
- Account Management Services
- Plan Administration Services
- Compliance Services
- Consulting Services
- Referral Services

Additional descriptions regarding service categories are provided in Appendix A. Nixon Benefits does not provide any services as a fiduciary.

Compensation Disclosure

The new compensation disclosure provisions require Nixon Benefits to disclose and describe specific compensation arrangements for the services provided, including direct compensation, indirect compensation, and contingent compensation. The disclosure must also describe the manner in which the compensation will be received.

Direct compensation comes directly from the plan and may be paid (but is not limited) as:

- Fee schedules such as flat fee dollar amounts
- Per contract per month monetary amounts
- Per services monetary amounts
- Per employee per month monetary amounts
- Percentage of monthly premium payments

Direct fees may be paid by the plan directly or billed through a provider/vendor.

Indirect compensation is any compensation received from parties not related to Nixon Benefits; that is any compensation received from any other source than the covered plan, plan sponsor or service provider related to the service being provided. Indirect compensation may be paid as (but is not limited to):

- Plan referral fees from vendors such as PBMs, Wellness, and transparency vendors.
- Administrative fees such as from an FSA, HSA, or COBRA administrator
- Non-cash compensation exceeding \$250 in the aggregate such as meals, trips and events

Contingent Compensation and Overrides are formula-based compensation structures used by carriers and others providing products to health plans and include:

- Production bonus or override in recognition of high sales/production volumes often based on the number of covered employees, or the amount of premium sold by the producer within a certain period of time.
- Retention/renewal and growth bonus or overrides based on the existing amount of business, the amount of new or renewed business, and the net growth percentage and/or renewal rate per member per year.
- Preferred vendor bonus (such as an increase in commissions or bonuses when combining ancillary products from a carrier's preferred vendor with medical coverage).
- Contingent commissions based on enrolled contracts and related fees (e.g., a percentage of paid premium commission for placed insurance with groups of a certain number of eligible employees).

Neither Nixon Benefits nor any employee of Nixon Benefits receives indirect or contingent commissions, overrides, bonuses, or reward compensation from any party. This principle is the cornerstone of our mission and an internal policy and practice since we opened in 2001.

Appendix A

1. Nature and Scope of Services to be Provided

Service Included?	Services that Nixon Benefits may provide to your Plan:	For example:
Yes	Marketing and Placement services	Assess/review current plans (network/benefits/funding), conduct renewal analysis, summarize plans/policies, financial modeling and cost projections, negotiate with carriers, advise on opportunities for improvement/consolidation, implement coverage, etc.
Yes	Enrollment services	Presentation and administration support of annual enrollment process, provide resources to educate/engage plan members, assist with implementation and annual plan/rate updates of online service platform to facilitate annual enrollment, etc.
Yes	Account management services	Serve as liaison between client and carrier: facilitate resolution of billing concerns, eligibility maintenance, plan questions, and claims-related issues; assist employees in addressing general benefits questions; review contracts for accuracy of plan provisions, etc.
Yes	Plan administration services	Census audit, employee cost handouts, service the plan, review plan performance, etc.
Yes	Compliance services	Provide legislative/regulatory updates, specialized guidance on existing and emerging compliance issues, conduct compliance reviews, manage form 5500 process, etc
Yes	Consulting services	Strategic planning, benchmarking, specialized reporting, contribution modeling, M & A financial support, funding feasibility studies, decision support, educate on new market options and point solutions
Yes	Other self-Insured Plan Services	Source vendors such as third-party administrators, PBMs, networks & stop loss insurers; claim re-pricing

		analysis; identification of cost drivers/key performance indicators, regular and specialized reporting
Yes	Value added services	Access to HR services (Mineral), and wellness resources
Yes	Additional out-of-scope services	Marketing of COBRA, HSA, FSA and Leave of Absence services

2. Compensation

Coverage	Direct Compensation	Indirect Compensation	Contingent Compensation and Overrides
Medical	x% commission included in overall premium to be paid to Nixon from the insurer.	None	None
Dental	X% commission included in overall premium to be paid to Nixon from the insurer.	None	None
Vision	X% commission included in overall premium to be paid to Nixon from the insurer.	None	None

3. Not Responsible for Other Party's Disclosures

This disclosure document includes the disclosures Nixon Benefits is required to make in accordance with ERISA Section 408(b)(2) and applicable State laws. Any other plan service provider that is subject to the 408(b)(2) disclosure requirements is required to make its own independent 408(b)(2) disclosure and any such disclosures are not included in this Nixon Benefits' disclosure.

4. Disclosure Errors or Omissions

You must promptly bring any observed errors or omissions in this disclosure to the attention of Nixon Benefits. Nixon Benefits will correct an error or omission in its disclosures as soon as possible after notification of same, but no later than 30 days after such notification.

5. Compensation Changes

Nixon Benefits will notify you of any changes to the compensation set forth in this Disclosure promptly and in no event later than 60 days of being informed of the change.

6. Period of Engagement

This engagement will commence at the start of your plan year: _____ and will terminate at the end of that plan year or when we are no longer the Broker of Record. As of the termination date, Nixon Benefits will not be providing you with services and, therefore, will not have any further obligations to you in any capacity.

7. Sign and Return

Please confirm that you have read, understood, and agreed to the terms set forth above by signing and returning a copy of this Appendix.

Printed Name	Title	Signature
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