Flexible Spending Accounts

This document is a Summary Plan Description (SPD), as defined by the Employee Retirement Income Security Act of 1974 (ERISA), of the Toys“R”Us, Inc. Flexible Spending Accounts component of the Toys“R”Us, Inc. Flexible Benefits Plan (“Plan”). This SPD is a summary of the main features of the Plan in effect as of July 1, 2016. If there is any discrepancy between the information contained in this SPD and the Plan documents, the Plan documents will always govern. If there are legal rules that require changes that are not yet written into the Plan document, the Plan document will be interpreted by the Plan Administrator as including those legal rules.

Please note that nothing in this SPD is meant to imply a contract or guarantee of employment. Participation in the Plan does not preclude the Company from terminating your employment at any time, whether or not for cause, with or without notice.

Please read this SPD carefully and share the information with your family. If you have any questions about this Plan, please contact the “R”Benefits Service Center at **1-844-TRU-BENS**.

This Summary Plan Description supersedes and replaces any previous SPDs you have received describing the Flexible Spending Accounts Plan.

Contents

Flexible Spending Accounts at a Glance

Here are the highlights of the Limited Purpose Flexible Spending Account and Dependent Care Flexible Spending Account (FSAs). Benefits may be subject to certain limits and restrictions. Be sure to review the rest of this Summary Plan Description for a more complete description of Plan benefits.

For information about participation requirements, see **Eligibility and Enrollment**; see **Administrative and Legal Information** for how to file a claim, continuation coverage, legal notices and where to obtain additional information.

Flexible Spending Accounts (FSAs)	
Tax Saving Opportunities	Pay eligible dental and vision care and dependent care expenses with dollars that are never taxed
Limited Purpose Flexible Spending Account	
• Contributions	Contribute from $100 to $2,550 per plan year
• Eligible dental and vision care expenses	Your share of the cost of dental and vision, expenses for you and your eligible dependents
Dependent Care Flexible Spending Account	
• Contributions	Contribute from $100 to $5,000* a year (up to $2,500* if you are married and file a separate tax return)
• Eligible dependent care expenses	Day care and home care expenses to provide care for your eligible dependents who are Qualifying Individuals; the care must be necessary to permit you to work (if you are married, your spouse must also work, be enrolled as a full-time student at an educational institution, or be physically or mentally incapacitated)
* If you are considered a highly paid team member, maximums may be lowered at and/or after enrollment to satisfy nondiscrimination requirements.	

How Flexible Spending Accounts Save You Money

If you choose to participate, the Flexible Spending Accounts (FSAs) permit you to pay eligible expenses with dollars that are *not federally taxed*. State and local income tax may apply - consult with your tax advisor. Your contributions to the FSA are made with pre-tax dollars. Pre-tax contributions are deducted from your pay before federal income and Social Security taxes are withheld – and, in many states, before state and local income taxes are withheld. When you receive reimbursement from your FSA, the amount you receive is not subject to tax. The result is that you pay less in taxes and the savings reduce the net cost of these expenses.

Because your contributions are deducted from your pay before Social Security taxes are withheld, the Social Security benefits you receive at retirement or in case of disability may be lower. However, any reduction in benefits should be minimal.

Your pre-tax contributions do not affect your other pay-related benefits (such as life and disability insurance). These benefits are based on your compensation before your FSA contributions are deducted.

Because of the favorable tax treatment these accounts receive, the IRS imposes the following restrictions.

- ***No Refunds or Carryovers*** – You must use the money you allocate to each account each plan year. Account balances cannot be carried over to the next plan year – although you have until September 30 to file claims for expenses incurred during the previous plan year. Any unused funds are forfeited. You can avoid forfeitures by estimating your anticipated expenses carefully.
- ***No Transfers*** – You cannot transfer money from one account to the other.
- ***No Changes*** – You cannot decrease, suspend, or increase your contributions during the plan year, unless you have a qualifying life event. Any change must be consistent with the life event.

In addition, Toys“R”Us, Inc. requires that you enroll each plan year if you want to participate in the Flexible Spending Accounts. Your elections do ***not*** carry over from one year to the next.

Limited Purpose Flexible Spending Account

You can use your Limited Purpose Flexible Spending Account (LPFSA) to pay for eligible unreimbursed dental and vision expenses for you and your eligible dependents.

Your Contributions

When you enroll, you decide how much to contribute to the LPFSA. You can elect to contribute between $100 and $2,550 each plan year. The amount you choose to contribute will be deducted from each paycheck on a pre-tax basis in equal installments throughout the plan year.

Note: If you enroll in one of the Toys“R”Us “R”Consumer Directed Health Plan (“R”CDHP) options, (see the **Gold, Silver, and Bronze CDHP Medical** SPD for more information about your Health Savings Account), you may be able to take advantage of similar tax benefits by contributing to your Health Savings Account (HSA), without the risk of forfeiting unused funds.

Eligible Expenses

You can be reimbursed from the LPFSA for dental, vision, or orthodontia expenses. Expenses for dental, vision, or orthodontia care must be incurred – the service must be provided – during the same plan year you make contributions. You cannot be reimbursed for any expenses that are reimbursed or paid by any health plan that covers you or your eligible dependents.

Subject to IRS rules, eligible expenses may include (items marked with an “*” require a physician’s statement):

- Artificial teeth
- Corrective eye surgery (to the extent not covered under medical insurance)
- Cosmetic dental surgery for a congenital defect or reconstructive surgery following an accident or disfiguring disease*
- Dental treatment – for X-rays, fillings, extractions, dentures, implants, crowns, sealants, etc. (but not for teeth whitening)
- Eye exams, prescription eyewear and supplies – including frames, lenses, contacts, prescription sunglasses, over-the-counter reading glasses, eye patches, lens cleaning supplies, and coatings and tints when they are not itemized
- Fluoridation device*
- Occlusal guard – to prevent teeth grinding
- Orthodontia – including Invisalign (braces)

- Professional services for care related to a patient’s condition provided by a(n):
  - Dentist
  - Ophthalmologist
  - Optometrist
  - Orthodontist
- Sales tax on any eligible expense
- Shipping, handling and delivery costs to obtain an eligible Limited Purpose Flexible Spending Account expense
- X-ray fees - Dental.

* These items require a physician’s statement to be considered eligible.

IRS Publication 502 provides general guidance regarding health care expenses eligible for reimbursement. Remember, however, that this FSA is limited to vision and dental expenses. The publication is available free of charge by calling the IRS at **1-800-829-3676**. It is also available on the Internet at **www.irs.gov/pub/irs-pdf/p502.pdf**.

Limited Purpose Expenses Not Eligible

In addition to medical expenses, expenses that *cannot* be reimbursed through the Limited Purpose Flexible Spending Account include:

- Anesthesiologist fees for cosmetic and other ineligible procedures
- Babysitting, child care, and other dependent care expenses
- Cancellation fees for orthodontia contracts
- Vision discount programs
- Insurance premiums – including COBRA premiums
- Interest on orthodontia loans
- Health Savings Account (HSA) or medical savings account contributions
- Non-prescription contact lenses, eyeglass clip-ons, eyewear accessories, and eyewear breakage protection plans
- Over-the-counter alertness aids, cosmetics, and toiletries
- Teeth cleaning supplies
- Teeth whitening
- Transportation – to a hospital visit
- Warranties, extended warranties and maintenance agreements

Dependent Care Flexible Spending Account

The Dependent Care Flexible Spending Account allows you to use tax-free dollars to pay for eligible dependent care expenses, if those expenses allow you (and your spouse, if you are married and domestic partners, if applicable – see "Dependents" definition in Glossary) to work – or enable your spouse to remain a full-time student at an educational institution.

Your Contributions

When you enroll, you decide how much to contribute to the Dependent Care Flexible Spending Account. You can elect to contribute between $100 and the lesser of:

- $5,000 annually (if you are considered a highly paid team member, maximums may be lowered at and/or after enrollment), or, if you are married and:
  - File a joint tax return, and your spouse has a dependent care account through his or her employer, the combined total of your deposits cannot exceed $5,000 under all Dependent Care Flexible Spending Account plans
  - File separate tax returns, you and your spouse can each contribute up to $2,500 under your respective Dependent Care Flexible Spending Account plans
- Your earned income or, if less, your spouse's earned income. If your spouse is a full-time student or is disabled, the spouse is deemed to have an income of $250 per month for one dependent, or $500 per month for two or more dependents.

The amount you choose to contribute will be deducted from each paycheck on a pre-tax basis in equal installments throughout the plan year.

Eligible Dependent Care Expenses

Eligible dependent care expenses are those necessary for you to work. If you are married, your spouse must also work, be enrolled as a full-time student, or be physically or mentally incapacitated. Expenses for dependent care must be incurred – the service must be provided – during the same plan year you make contributions. You can be reimbursed for reasonable expenses incurred by you for the provision of custodial care for a Qualifying Individual, which care is performed to enable you or your spouse to remain gainfully employed, subject to any limitations in this SPD. The Plan Administrator (or its designated claims administration representative) shall determine in its sole discretion whether any expense is reasonable.

Subject to IRS rules, eligible dependent care expenses include services provided:

- Inside or outside of your home by anyone other than your spouse, the child's parent, a person you list as your dependent for income tax purposes or one of your children under the age of 19
- In a dependent care center or a child care center (if the center provides day care services for more than six people, it must comply with all state and local laws)
- By a housekeeper whose services include providing care for an eligible dependent
- Through child day care, nursery school, pre-school, after school or summer day camp programs (taxes you pay on wages for eligible dependent care can also be reimbursed)
- Adult day care or elder care services

IRS Publication 503 contains a detailed explanation of eligible and ineligible dependent care expenses. It is available free of charge by calling the IRS at **1-800-829-3676**. It is also available on the Internet at

www.irs.gov/pub/irs-pdf/p503.pdf. You may also want to consult with your tax advisor for additional information.

Dependent Care Expenses Not Eligible

Dependent care expenses *not* eligible for reimbursement include:

- Care provided by your spouse, the child's parent or someone you claim as a dependent on your federal income tax return, or by your child under age 19
- Educational expenses kindergarten and above (preschool and after-school care is allowed)
- Household services
- Institutional care, such as nursing home services for an elderly parent or grandparent
- Overnight summer camp
- Transportation expenses for you to get to a day care provider outside your home or to bring a provider to your home (expenses for transportation to and from the dependent care location provided by the day care or service is eligible)
- Weekend or "evening out" babysitting.

Dependent Care Flexible Spending Account versus the Federal Tax Credit

You may be eligible for a credit on your federal income taxes for dependent care expenses similar to those that can be reimbursed through the Dependent Care Flexible Spending Account. However, you cannot use both of these methods to gain a "double" tax advantage on the same expenses. You can use one or the other – or you can apply the tax credit to some of your expenses and use the Dependent Care Flexible Spending Account for others. Maximum expenses for the tax credit calculation ($3,000 for one dependent, $6,000 for two or more dependents in 2016) must be reduced dollar for dollar by reimbursements made through the Dependent Care Flexible Spending Account.

Annual Limit

The IRS imposes a $5,000 annual maximum, which applies to all Dependent Care Flexible Spending Accounts combined. For example, the $5,000 combined annual maximum would apply if:

- You or your spouse each elect a Dependent Care Flexible Spending Account (whether or not you both work for the same employer or are in the same plan)
- You have two jobs or change jobs during the year and establish a Dependent Care Flexible Spending Account with more than one employer
- You and your spouse (if married) file a joint tax return. (If you file separate returns the annual limit is $2,500 for each spouse under their respective plans.)

The annual limit will be less than $5,000 if your earned income – or if you are married, the earned income of your spouse – is less than $5,000.

Note: If you are considered a highly paid team member, your maximum contribution amount may be lowered at and/or after enrollment to comply with non-discrimination testing requirements. The plan considers your annual base pay plus target bonus to compute a highly paid team member.

Dependent Care Reporting Requirements

It is important to note that to use the tax credit or the Dependent Care Flexible Spending Account, you must complete and file IRS Form 2441 with your individual tax return. You must also report the name, address, and taxpayer identification number of your dependent care provider(s) on your individual tax return. If the organization providing care is exempt from paying federal taxes, you are still required to report their name and address.

Claiming Benefits

If another health care plan is responsible for paying benefits after your Toys“R”Us, Inc. coverage, be sure to submit expenses to the other plan before filing a Limited Purpose Flexible Spending Account claim.

To submit a claim for Flexible Spending Account reimbursement:

- Complete a Flexible Spending Account Reimbursement Form – you can download the form from:
    - **RUsBenefits.com (Username: RUs; Password: benefits)**
- Payflex at **www.Payflex.com**
- Include the appropriate documentation – for:
    - **Limited Purpose Flexible Spending Account** expenses, an Explanation of Benefits (EOB) from your insurance company or an itemized bill containing the:
        - Date of the service
        - Patient responsibility amount of the charge for the service
        - Provider name
        - Type of service performed
        - Patient name
    - **Dependent Care Flexible Spending Account** expenses, you can either have your provider complete the claim form or include your receipt from the provider, which must include:
        - Date(s) of service
        - Amount paid
- Fax the form along with your documentation to Payflex at **1-855-703-5305**, or mail the form to:

  Payflex Systems USA
  Flex Dept.
  P.O. Box 981158
  El Paso, TX 79998-1158

If you request reimbursement of an eligible expense in an amount greater than your:

- Limited Purpose Flexible Spending Account balance, it will be paid in full up to the amount you have agreed to contribute for the plan year less amounts already paid to you that plan year.
- Dependent Care Flexible Spending Account balance, you will receive partial payment and the balance will be paid on the scheduled reimbursement date(s) as money builds up in your account, until the claim is paid in full.

Expenses incurred before the date you begin contributing or after you stop contributing to the Flexible Spending Accounts are not eligible for reimbursement. In addition, you cannot be reimbursed for services in advance of the date the service is provided.

Claims Submission Deadline

You can submit claims for reimbursement through September 30 following the end of the plan year in which the expenses were incurred. You should file claims promptly since you will forfeit any balance remaining in your account after September 30.

Claims and Appeals

For information regarding claim determinations and appeals, see the **Administrative and Legal Information** component of this SPD**.**

Right of Recovery

If you are paid more than you should be under the Plan, you are obligated to repay that amount to the Plan. The Claims Administrator may withhold payment of your claims until your submitted claims total the amount owed and/or require you to pay back the overpayment amount.

Other Important Information

Coverage during Approved Leaves of Absence

See **Eligibility and Enrollment** for information concerning continuation of coverage during an approved leave of absence.

Termination of Employment

Limited Purpose Flexible Spending Account

If you leave Toys“R”Us, Inc., you can continue to submit claims for expenses incurred through the date your employment ends (up to the amount you have agreed to contribute for that plan year, less amounts already paid to you).

If you have a positive account balance at the time of your termination (i.e., contributions to date exceed claims) you can also elect to continue contributions to your Limited Purpose Flexible Spending Account through COBRA on an *after-tax* basis through the end of the plan year. If you do, you can continue to submit claims through that account for eligible expenses incurred from the date your employment ends until the earlier of the date:

- You discontinue making after-tax contributions

  or

- Your after-tax eligibility period ends (generally no later than the close of the plan year in which your termination occurs).

Any unused balance remaining in your account after all claims have been submitted will be forfeited.

For more information about continuation coverage, see **Administrative and Legal Information**.

Dependent Care Flexible Spending Account

If you leave Toys“R”Us, Inc., all contributions to your Dependent Care Flexible Spending Account stop. However, you can continue to submit claims for expenses incurred through the date your employment ends – up to the balance remaining in your Dependent Care Flexible Spending Account.

In the Event of Your Death

Limited Purpose Flexible Spending Account

If you die with a Limited Purpose Flexible Spending Account balance, your surviving spouse, qualified domestic partner* or the administrator of your estate can continue to submit claims for expenses incurred through the date of your death – up to the amount you have agreed to contribute for that plan year, less any amounts already paid to you.

Your spouse or qualified domestic partner* may also elect to continue contributions to your Limited Purpose Flexible Spending Account on an after-tax basis via COBRA and submit reimbursement requests for eligible expenses incurred during that plan year that includes your date of death.

For more information about continuation coverage, see **Administrative and Legal Information**.

Dependent Care Flexible Spending Account

If you die with a Dependent Care Flexible Spending Account balance, your surviving spouse, qualified domestic partner*, or the administrator of your estate can continue to submit claims for expenses incurred through the date of your death – up to the amount you contributed prior to your death, less any amounts already paid to you.

* Your qualified domestic partner must be able to show documentation that he or she is authorized to act on your behalf in the event of your death.

Glossary of Key Terms

To help you understand how the Flexible Spending Accounts work, you should familiarize yourself with the following key terms.

***Claims Administrator* –** PayFlex Systems USA, Inc.

Dependents – For the:

- **Limited Purpose Flexible Spending Account** are your spouse and any individuals you can claim as dependents on your federal income tax return – whether or not they are enrolled in the Toys“R”Us, Inc. medical, dental and/or vision plans. In some circumstances a domestic partner may be an eligible dependent if he or she resides with you for the whole year and receives more than half of his or her support from you. You may be reimbursed for expenses for any eligible child until the end of the calendar year in which the child reaches age 26. A child is a natural child, stepchild, foster child, adopted child, or a child placed with you for adoption.
- **Dependent Care Flexible Spending Account** are your children up to their 13th birthday and/or physically or mentally incapacitated dependents who qualify as dependents for federal income tax purposes.

Domestic partner – An individual of the same or opposite sex with whom you reside, provided you and that individual:

- Are not so closely related that marriage would otherwise be prohibited
- Are not legally married to any other person and are the sole partners of each other
- Have lived together for at least one year in the same residence with the intention of residing together permanently
- Are both at least 18 years old and mentally competent to enter into a contract

- Are in a committed and mutually exclusive relationship, jointly responsible for each other's welfare and financial obligations

  and,

- Are registered as domestic partners pursuant to a domestic partnership ordinance or law of a state or local government, *or* you have filed an Affidavit of Domestic Partnership with the Company.

Life event – Circumstances under which the IRS permits you to make changes to your pre-tax benefit elections during the course of the plan year, including:

- A change in your legal marital status
- The birth or adoption of a child
- A dependent's losing eligibility (because he/she reaches the age limit for coverage, for example) or ceasing to be a dependent for tax purposes
- Death of a dependent
- A change in your spouse's eligibility for coverage
- A change in your employment status that affects your eligibility for coverage (part-time to full-time or full-time to part-time)
- A change in your address or work location that affects the plans that are available to you.

Medical care – The diagnosis, cure, mitigation, treatment or prevention of disease, or care given for the purpose of affecting any structure or function of the body. It also includes transportation used primarily for and essential to medical care. Medical care does not include insurance premium costs, cosmetic surgery or other similar procedures unless necessary to correct deformity caused by a congenital abnormality, personal injury resulting from an accident or trauma, or disfiguring disease.

Physician's statement – Supporting documentation for an expense, provided by your physician to demonstrate that the expense is for medical care. Certain expenses are considered eligible for reimbursement only once the Claims Administrator has received and approved a physician's statement.

Plan year – The 12-month period beginning on July 1 and ending on June 30 of the following year, for which benefit elections are effective.

Qualifying Individual – means for purposes of the Dependent Care Flexible Spending Account:

(a) Your Qualifying Child (as defined in Section 152(c) of the Internal Revenue Code ("Code")) who is under the age of 13;

(b) Your dependent or Spouse who is physically or mentally incapable of caring for himself or herself and has the same principal place of abode as the participant for more than half the year.

For purposes of subsection (b) above, a "Dependent" means any person defined in Code Section 152 without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B). Notwithstanding the preceding provisions, a child to whom Code Section 152(e) applies shall be considered the Qualifying Individual of the custodial parent as defined in Code Section 152(e)(3)(A).

Spouse **-** means, for purposes of the Dependent Care Flexible Spending Account only, the person to whom you are legally married but shall not include an individual legally separated from you under a degree of legal separation, nor a spouse living apart from you who is considered not to be married to you under the special rules at Code Section 21(c)(4).

"R"Benefits Service Center **–** Call 1-844-TRU-BENS, Monday through Friday from 8:00 a.m. to 8:00 p.m. Eastern Time for assistance with benefit-related questions.