



Your 2014 Health and Welfare Benefits Reference Guide



Your Flowserve Flex Health and Welfare Benefits 2014 Reference Guide

Flowserve is proud to offer a benefits program that allows our associates the opportunity to select the benefit coverage that best meets their personal needs. This brochure provides the highlights of Flowserve's health and welfare benefits. Please review this information carefully before you make your benefit selections.

When you can enroll

Flowserve's annual open enrollment period is October 21 – November 1, 2013. The open enrollment period is the one time each year that all employees may enroll in or change their benefit selections. After November 1, you may enroll or change your elections only if you have a qualified status change (as explained on page 9).

If you are a new hire or you are joining Flowserve as part of an acquisition, your enrollment deadline will be based on the date of hire or acquisition. You must enroll within 30 days of your date of hire or the acquisition. Your personalized enrollment worksheet indicates your enrollment deadline. If you do not enroll before the deadline, you will receive only the default benefits described on page 8.

How to access your benefits

Flowserve has created a Flowserve Flex home page that gives you one resource for all of your benefits information. The site is available during annual enrollment and throughout the year.

The site is www.FlowserveFlex.com. From the Flowserve Flex home page, you can:

- Link to online enrollment
- Get more information about your health benefits
- Access financial planning
- Find out about your retirement benefits
- Obtain contact information for all of Flowserve's benefits service providers and link directly to their sites.

There are two ways to access the Flowserve Flex home page:

- From work, just go to the HR site on Passport and click the link for **www.FlowserveFlex.com**.
- From home, log on directly to **www.FlowserveFlex.com**.

How to enroll

When you are ready to enroll, there are two ways to do it.

- Enroll online: Access www.FlowserveFlex.com from work or home and click the link for enrollment.
- Enroll by phone: If you do not have access to the Internet, call the Flowserve Benefit Service Center at **1-877-FLS-FLEX (1-877-357-3539)**.

Page 7 of this reference guide provides enrollment instructions.

IMPORTANTE: Este folleto contiene información importante sobre sus beneficios. Por favor revise la información cuidadosamente antes de seleccionar cualquiera de sus beneficios. Cuando esté preparado para hacer su selección, llame al Centro de Servicio para los Planes de Beneficios de Flowserve al **1-877-FLSFLEX (1-877-357-3539)**. Al llamar, se le preguntará si usted desea recibir asistencia en español. En caso de que necesite asistencia en español, oprima el número 2, y su llamada será transferida a un representante de habla hispana.



The Flowserve Corporation Flex Health and Welfare Benefit Plan Summary Plan Description for Employees is available on www.FlowserveFlex.com. If you would like a paper copy sent to your home, please call the Flowserve Benefit Service Center.

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Your Flowserve Flex Health and Welfare Benefits

Tools to build a secure future

Flowserve is committed to providing you with a comprehensive health and welfare benefits program that gives you and your family access to quality healthcare and helps you plan for a financially secure future. The program is provided through the Flowserve Corporation Flex Health and Welfare Benefit Plan (the “Flowserve Flex Plan”). At Flowserve, we believe strong health and welfare benefits can give you peace of mind.

Flowserve’s health and welfare benefits program, commonly known as Flowserve Flex, provides flexibility to meet the unique needs of our associates. Flowserve Flex allows you to select the benefit options that best suit the needs of you and your family. Flowserve keeps a constant eye on the marketplace to ensure that your benefits offer good value and that your cost for benefits is competitive.

About this guide

This reference guide explains your choices for:

- Medical benefits
- Dental benefits
- Vision benefits
- Health Savings Accounts (HSA)
- Flexible Spending Accounts (FSA)
- Life insurance
- Accidental Death and Dismemberment (AD&D) Insurance
- Disability benefits

Your other Flowserve benefits

In addition to the health and welfare benefits you elect during the enrollment period, you have other company-provided benefits under the Flowserve Flex program. A summary of these benefits is provided on pages 32 - 33.

Coverage dates

If you are re-enrolling during open enrollment

If you worked for Flowserve during 2013, you are not required to re-enroll. However, you must make new Health Savings Account (HSA) and/or Dependent Care or Health Care Flexible Spending Account (FSA) elections if you want to participate in those benefit options in 2014. Also, you should confirm that your current tobacco surcharge election is accurate.

Flowserve’s annual open enrollment period is October 21 - November 1, 2013. The choices you make for coverage will be effective for the 2014 plan year (January 1 through December 31, 2014).

If you are enrolling for the first time

If you are a new hire, the choices you make for coverage will be effective from your date of hire through December 31, 2014. If you are enrolling as a new associate who has joined Flowserve following an acquisition, the coverage you elect will be in effect from the date indicated on the letter you received from Flowserve through December 31, 2014.



Eligibility for Benefits

Eligible associates

You are eligible for Flowserve Flex benefits if you are a regular, full-time or part-time associate scheduled to work at least 30 hours per week.

Eligible dependents

If you are eligible for Flowserve Flex benefits, some of the benefit programs offer coverage for your eligible dependents. Your eligible dependents for the healthcare and spouse and same-sex domestic partner life insurance programs include:

- Your legal spouse (must be a resident of the United States and meet all legal requirements of a valid marriage (including common law marriage and same-sex marriages, where applicable). See page 5 for additional information on spouse and same-sex domestic partner eligibility.
- Same-sex domestic partners (who do not have a valid marriage) who meet the following requirements:
 - Live in states that do not allow same-sex marriage
 - Certify that the couple is in a long-term relationship and are;
 - At least 18 years of age
 - Cohabitated for at least 6 months
 - Not married to any other individuals (even if legally separated)
 - Are not related by blood
 - Are jointly eligible for financial obligations.

See page 5 for additional information on spouse and same-sex domestic partner eligibility.

- Any of the following children up to the date they turn age 26:
 - Biological child
 - Legally adopted child or child placed for adoption for whom adoption papers have been filed
 - Stepchild
 - Child of an eligible same-sex domestic partner
 - Child for who you are legal guardian or managing conservator
 - Foster child, placed in your care by a court
 - Child who is covered under a Qualified Medical Child Support Order (QMCSO)
 - Grandchild who lives with you and for who you have been given legal custody through a court

In addition, a child must meet all of the following conditions to be eligible for dental, vision and life insurance coverage:

- Unmarried
- Not working on a regular full-time basis
- Stepchildren must live with you the majority of the time and be supported by you
- And satisfy one of the following:
 - Under age 19
 - Age 19 to age 25, a full-time student, dependent on you for more than 50% of his or her support, and be your federal income tax dependent.
 - Any age and incapable of self-support because of a mental or physical handicap that began before he or she reached age 19 (or age 25 if the dependent is a full-time student)

Eligible dependents for Flexible Spending Accounts

The IRS has specific rules regarding the family members on whose behalf you can be reimbursed for eligible expenses from a Health Care or Dependent Care Flexible Spending Account. Those rules are explained on pages 24 and 26.

What to do when a dependent reaches age 19

Dependents between the ages of 19-26 are eligible for coverage through the Flowserve Flex medical program regardless of student or marital status.

Dependents between the ages of 19-25 are eligible for coverage through the Flowserve Flex dental, vision and child life insurance programs. However, in order to continue receiving coverage under these programs, you must certify that the dependent is a full-time student at an accredited educational institution (online or campus college, university or trade school.) Most educational institutions consider 12 or more credit hours as full-time.

Options for Covering Dependents

Under the medical, dental, and vision programs, you decide which of your eligible dependents you would like to cover. You will make a separate election for each program.

The four coverage categories are:

- Employee
- Employee + Spouse/Same-sex Domestic Partner
- Employee + Child/Children
- Employee + Spouse/ Same-sex Domestic Partner + Children

Your cost for coverage under each program will depend on the coverage category you select. In some cases, a tobacco surcharge may apply (as explained on page 6).

Verification of the eligibility of your dependents

If you are a new hire or you are an active associate who is adding coverage for a dependent, you must provide documentation that verifies the eligibility of your dependents.

If you elect Flowserve Flex medical coverage for your spouse or same-sex domestic partner and he/she has access to medical benefits through another group plan (such as through his/her employer-sponsored plan), their eligibility for Flowserve medical coverage will be reviewed by an external third party.

Examples of documentation that may be requested include your marriage license, same-sex domestic partner affidavit (including specified financial information) or a child's birth or adoption certificate. Only specific documents can be submitted for each type of change – other documentation **cannot** be substituted. You must provide documentation within 30 days of enrollment. If you do not provide documentation, your dependent coverage will be terminated.



Benefit Costs

Flowserve pays a substantial part of the cost of your benefits. Your cost for Flowserve Flex benefits depends on which benefits you choose. Here's how the program works.

For certain Flowserve Flex benefits, you pay part of the cost and Flowserve pays part.

Some benefits (such as accidental death and dismemberment insurance or dependent life insurance) are available through the Flowserve Flex Plan at attractive group rates, but Flowserve does not contribute to their cost. If you elect coverage, you pay the full cost. Or, you can decline coverage.

The personalized enrollment worksheet that you received shows your per-pay-period costs for each benefit option.

Before-tax vs. after-tax deductions

Under the Flowserve Flex benefits program, some of your costs are deducted from each paycheck on a before-tax basis and others are deducted on an after-tax basis. Having costs deducted on a before-tax basis means that the costs are taken out of your pay before federal payroll taxes are calculated. By paying for benefits on a before-tax basis, you reduce your taxable income and, as a result, reduce the amount of income taxes you pay.

Please note that electing to cover a same sex domestic partner, spouse, or the children of same sex domestic partner or spouse may constitute additional taxable income at the state level depending on location. Covering a same-sex domestic partner or the children of a same-sex domestic partner will create additional taxable income for federal income tax purposes regardless of location. Please review the applicable tax laws based on your relationship status and state of residence to determine how this may impact your benefit elections.

Before-tax deductions

The following benefits are typically paid on a before-tax basis:

- Medical, Dental, and Vision coverage
- Flexible Spending Accounts
- Health Savings Accounts
- Accidental Death and Dismemberment (AD&D) insurance
- Short-Term Disability program (if purchased in addition to company-provided coverage)

After-tax deductions

The following benefits are paid on an after-tax basis:

- Employee Life insurance
- Spouse Life insurance
- Child Life insurance

Spouse or Same-Sex Domestic Partner Coverage Eligibility

To be eligible for medical coverage under the Flowserve Flex Plan, your spouse or same-sex domestic partner must meet two requirements:

1. Be a spouse or same-sex domestic partner as defined in the Flowserve Flex Plan; **AND**
2. Currently not have access to "credible medical coverage" through their own employer or not be employed.

Credible medical coverage is defined as coverage which meets all three criteria listed below:

1. The annual deductible for employee only coverage is less than \$2,000
2. The regular monthly contribution for employee only coverage is less than \$200; **AND**
3. The annual limit is greater than either \$100,000 or 100 inpatient days of care annually.

PLEASE NOTE

All medical coverage that you elect for your spouse/same-sex domestic partner through the Open Enrollment process assumes that your spouse or same-sex domestic partner is eligible based on the criteria described above. If it is determined that your spouse or same-sex domestic partner is not eligible for coverage under the Flowserve Flex Plan they will be removed from coverage.

For additional information on spousal or same-sex domestic partner eligibility for medical and life insurance coverage under the Flowserve Flex Plan, please refer to the following:

- Summary Plan Description available at www.FlowserveFlex.com
- Calling the Benefit Service Center at 1-877-FLS-FLEX (1-877-357-3539)

If you and your spouse both work for Flowserve

If you and your spouse or same-sex domestic partner both work for Flowserve, one of you may elect coverage for both of you. Following are your options:

- If you do not have children to cover: You or your spouse or same-sex domestic partner may waive coverage and the other may elect “employee + spouse/same-sex domestic partner” coverage. However, neither of you may be covered as both an associate and a dependent.
- If you have children to cover: You or your spouse/same-sex domestic partner may waive coverage and the other may elect “employee + spouse/same-sex domestic partner + children” coverage. Either you or your spouse/same-sex domestic partner – but not both of you – may elect coverage for your eligible dependent children.

You and your spouse/same-sex domestic partner may also elect coverage individually. For example, one of you can select “employee only” coverage while the other selects “employee + children.”

Be sure to review the federal and state tax implications of your elections.

What Is the Tobacco Use Surcharge?

On January 1, 2011, Flowserve introduced a tobacco use surcharge applicable to both employees and their spouses/same-sex domestic partners who are enrolled for medical coverage through Flowserve Flex. The surcharge applies to any employee and/or spouse/same-sex domestic partners who has smoked a cigarette, cigar or pipe, or used smokeless tobacco products, including chewing tobacco and snuff, in the past six (6) months. The surcharge will be \$400 per year for each participant who is a tobacco user. This surcharge is a component of the larger Flowserve wellness initiative and other efforts within the medical program to focus participant’s behaviors on their overall health. If you make the decision to eliminate tobacco use, Flowserve offers a variety of programs and information to support this effort. Through the Blue Care Connection® Tobacco Cessation program you have access to personal coaching, online tools, and Audio Health Library and discounts to wellness-related products and services. You can get started by either calling (866) 412-8795 or by sending an email to Ask a Nurse in the Personal Health Manager section on the Blue Cross Blue Shield web site at www.bcbstx.com/flowserve.

If you are a tobacco user and it is unreasonably difficult due to a medical condition to meet the definition of a non-user of tobacco under the Flowserve Flex Plan or it is medically inadvisable to become a non-user of tobacco, please call the Flowserve Benefit Service Center at (877) FLS-FLEX (877-357-3539).



Enrolling in Flowserve Flex

Preparing to enroll

Because you have important choices to make, you will want to do some homework before you enroll for these benefits. To prepare:

1. Read this brochure and carefully review each of your coverage options. Review “Things To Consider” for each benefit program as you make your selections. It is important that you fully understand your options. If you need more information on how a particular benefit program works, contact the Benefit Service Center.
2. Review all communication materials including the Inside Source to fully understand any changes to Flowserve Flex benefits for 2014.
3. Gather any other information you need to make decisions, such as descriptions of your spouse’s/ same-sex domestic partner benefit plans and any other insurance plans that are available to you. Consider the cost of any expected medical or dental procedures in 2014.
4. Check your personalized enrollment worksheet to determine the per-pay-period cost for each of the benefit options you are considering.
5. Discuss coverage options with eligible family members.
6. Make your preliminary selections.
7. Use the “Adding Up Your Choices” worksheet (on page 40) to calculate your total per-pay-period cost. You can adjust your benefit selections until you find a coverage combination that meets your needs and budget.
8. Mark your final choices on your enrollment worksheet and keep that worksheet handy for enrollment.

Enrollment instructions

Here’s what you need to know to complete your enrollment:

- You must enroll before the enrollment deadline listed on your personalized worksheet – unless you want to keep the coverage described on your enrollment worksheet.
- Your HSA and FSA elections do not automatically continue. You must re-enroll if you want to participate in those accounts in 2014.
- Go to **www.FlowserveFlex.com** and select the link for online enrollment. The site is available 24 hours a day, seven days a week. At the login screen, enter your Social Security number and PIN/password. If you do not know your PIN/password, call the Flowserve Benefit Service Center at 1-877-FLS-FLEX (1-877-357-3539).
- After you’ve logged in, the Flowserve welcome page will appear. Click on “Benefits Enrollment” and you are ready to enroll. When you finish making your elections, you can review, print out, and confirm your choices at the time that is most convenient for you. You may change your selections anytime during the open enrollment period.
- If you do not have access to the Internet, you can enroll by calling the Flowserve Benefit Service Center at 1-877-FLS-FLEX (1-877-357-3539). Service Center representatives are available Monday through Friday, 9:00 a.m. – 7:00 p.m. Eastern time.
- After the enrollment period has ended, you cannot change your benefit elections until the next open enrollment period (during the Fall 2014 enrollment period for benefits effective January 1, 2015) unless you experience a qualified status change. For more information on status changes, see page 9.
- You will need to confirm your tobacco user status online or by calling the Flowserve Benefit Service Center at 1-877-FLS-FLEX (1-877-357-3539).

If you do not enroll

Default coverage for previously enrolled participants

If you do not enroll during open enrollment, your 2013 benefits listed on your personalized enrollment worksheet will automatically continue in 2014. However, any Flexible Spending Account and Health Savings Account contributions you are currently making will stop on December 31, 2013. If you do not make a new election during open enrollment, you will not be able to resume contributions to a Flexible Spending Account until 2015.

Default coverage for new participants

If you do not enroll, you will have coverage under the default benefits listed below. Default benefits cover you only—not your dependents.

Default Coverage for New Hires	
Benefit	Coverage
Medical	Program B—employee only *Tobacco surcharge applies
Dental, vision, AD&D, spouse/ same-sex domestic partner and child life insurance	No coverage
Employee life insurance	1.5 times annual base salary (company-paid)
Short-Term Disability program	60% of base salary (company-paid, except Vernon union)
Long-Term Disability insurance	60% of base salary without pre-tax option (company- paid, except Vernon union)
Health Care Flexible Spending Account	No contributions
Dependent Care Flexible Spending Account	No contributions
HSA	No contributions

After You Enroll

When you complete your online enrollment, you will instantly be able to review and print your choices. You may change your selections as often as you wish until the enrollment deadline.

You will receive a confirmation statement in the mail (regardless of whether you enroll online or by phone). It will list:

- Your benefit selections
- Your per-pay-period costs and/or credits
- Your covered dependents
- Your designated beneficiary for life insurance and AD&D insurance (if you elected it).

Review your confirmation statement carefully to make sure it accurately reflects your choices. If anything on your confirmation statement is incorrect, call the Flowserve Benefit Service Center immediately.

As an active associate, you will receive new ID cards only if you are changing your medical or dental benefits for 2014.

If you are adding new dependents during open enrollment, you will receive a request from the Flowserve Benefit Service Center asking you to provide documentation for each dependent's eligibility (as explained on page 4) to the Flowserve Benefit Service Center within 30 days of enrollment.

If you elected medical coverage for your spouse/ same-sex domestic partner and he/she has access to medical benefits through another group plan (such as through his/her employer - sponsored plan), you may be required to provide additional documentation regarding eligibility.



If you elected employee life insurance, spouse/same-sex life insurance, or a short-term disability program that requires you to provide evidence of insurability, an evidence of insurability form will be mailed to you. Complete the form and return it to the appropriate administrator as soon as possible. Until your application is approved, you will have the maximum coverage available that does not require evidence of insurability.

If you elected life and/or AD&D insurance and have not designated a beneficiary, you must designate a beneficiary either online by going to **www.FlowserveFlex.com** and selecting the link to name your beneficiary or by completing a beneficiary designation form and returning it as instructed.

Changing Your Flowserve Flex Benefit Selections

Normally, after you choose your benefits, you cannot change them until the next enrollment period. However, the Internal Revenue Service (IRS) will allow you to change some benefit elections during the year if you have a “qualified change in status,” such as a change in:

- Legal marital status (marriage, divorce, legal separation)
- Number of dependents (birth, adoption, death, guardianship)
- Employment status (losing or gaining eligibility under your or your spouse’s/same-sex domestic partner plan; beginning or returning from an unpaid leave of absence)
- A dependent child’s plan eligibility (reaching the limiting age or having a change in student status)

Your status change will determine what benefit changes you can make. In general, you will only be allowed to add/drop coverage for dependents or elect coverage under a program in which you did not previously enroll. A change in status will generally not qualify you to switch between Program A and Program B.

30 Days to Request Changes

After a qualified status change, you have 30 days from the date of the event to contact the Benefit Service Center and make changes to your benefit elections. If you do not contact the Benefit Service Center within 30 days, you will not be allowed to change your benefit elections or add/ drop covered dependents until the next open enrollment period. Please remember this 30 day deadline applies to all changes, including adding a dependent following the birth of a child.

Medical Coverage

Flowserve offers a choice of two different medical programs, both administered by Blue Cross Blue Shield (BCBS).^{*} You may choose either Program A or Program B. Both programs offer the BCBS network of providers and both programs pay benefits for care you receive from network and out-of-network providers. However, using in-network providers can save you money in several ways:

1. Provider fees are discounted.
2. The Flowserve Flex Plan reimburses a higher percentage of the provider's charges.
3. The provider has agreed to keep fees within the BCBS allowable amount fee limits, so you will not be charged more than the allowable amount fee limits.

Choosing Between Program A and Program B

Program A. This option is for associates who would rather pay higher payroll contributions in return for potentially lower out-of-pocket costs. If you enroll in Program A, you will have higher costs per pay-period but lower deductibles than Program B.

Program B. This option is for associates who are willing to increase their deductibles in return for lower payroll contributions. This program has much higher deductibles than Program A but lower per-pay-period costs.

If you elect Program B, you are eligible to enroll in a federally designed Health Savings Account (HSA) that will allow you to deposit money tax-free in an interest-bearing account to spend on future medical expenses. (For 2014, you may deposit up to \$3,300 for individual coverage or \$6,550 if you have family coverage.) Your savings can grow with tax-free interest. All eligible out-of-pocket expenses for healthcare may be paid for with tax-free savings from your HSA.

Deductibles, coinsurance and out-of-pocket maximums

Before the medical program begins to pay part of your cost for covered medical care, you must first satisfy a **deductible**. The amount of your deductible depends on whether you elect employee-only coverage or coverage for you and your dependents. There are also different deductibles for using network providers and out-of-network providers. The table on the next page lists the deductibles under each program.

Each year, after you satisfy the deductible, you and the medical program share the cost of covered medical care. Flowserve generally pays 80 percent of the cost of your care, and you pay 20 percent of the provider's negotiated rate. This is called **coinsurance**. You pay coinsurance up to a specified limit — called the **out-of-pocket maximum** — after which the plan pays 100 percent of all qualified expenses. Coinsurance amounts and out-of-pocket maximums are also listed in the table on the next page.

Coinsurance encourages Flowserve Flex participants to be wise medical consumers by selecting medical providers who meet their needs at the most advantageous cost.

If you live outside the network service area

A small number of associates live in locations that are not served by the BCBS network. If you live in one of these locations, you are eligible to participate in the Out-of-Area program.

The Out-of-Area program is a traditional indemnity health plan administered by BCBS. Under the program, you can use any medical service provider. After you satisfy the annual deductible, the plan pays a percentage of covered charges. Typically, you pay your service provider at the time you receive care and then file a claim for reimbursement. The table on the next page provides an overview of coverage.

Get a Primary Care Physician

Although you are not required to have a primary care physician (PCP) under Program A or Program B, having a relationship with a doctor is just good medicine.

A PCP can be a general practitioner, family practitioner, internist, or pediatrician. Because your PCP knows you and keeps your medical history on file, you will have a doctor who can help you manage your healthcare and refer you to specialists if the need arises.

^{*} Blue Cross and Blue Shield of Texas—a Division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association.

Medical Program Comparison

The following table highlights the basic provisions of the Flowserve Flex medical programs. The costs listed in the table represent the amount you are responsible for paying (with the exception of preventative care). Your personalized enrollment worksheet specifies which plans are available to you, your cost for coverage, and the credits available if you waive coverage.

With the exception of preventative care under all plans and maintenance medications under Program B, you must satisfy the deductible before the Flowserve Flex Plan pays benefits. The Flowserve Flex Plan does not cover expenses above the “allowable amount” (see glossary), and charges above the allowable amount do not count toward your annual out-of-pocket maximum. See page 15 for some suggested considerations in choosing your medical coverage.

PLAN FEATURE	PROGRAM A		PROGRAM B (HSA compatible)		OUT OF AREA
	In-network	Out-of-network	In-network	Out-of-network	
Annual Deductible	\$550 Employee \$1,100 Employee + Dependent(s)	\$1,100 Employee \$2,200 Employee + Dependent(s)	\$1,300 Employee \$2,600 Employee + Dependent(s)	\$2,600 Employee \$5,200 Employee + Dependent(s)	\$550 Employee \$1,100 Employee + Dependent(s)
Annual Out-of-Pocket Maximum	\$2,500 Employee \$5,000 Employee + Dependent(s)	\$5,000 Employee \$10,000 Employee + Dependent(s)	\$3,000 Employee \$6,000 Employee + Dependent(s)	\$6,000 Employee \$12,000 Employee + Dependent(s)	\$2,500 Employee \$5,000 Employee + Dependent(s)
Office Visits	20% coinsurance	40% coinsurance	20% coinsurance	40% coinsurance	20% coinsurance
Specialist Visits	25% coinsurance	40% coinsurance	25% coinsurance	40% coinsurance	25% coinsurance
Preventative Care	100% coverage ²	40% coinsurance ²	100% coverage ²	40% coinsurance ²	100% coverage ²
Inpatient Hospital	20% coinsurance ¹	40% coinsurance	20% coinsurance ¹	40% coinsurance	20% coinsurance ¹
Emergency Room	20% coinsurance ¹	20% coinsurance	20% coinsurance ¹	20% coinsurance	20% coinsurance ¹
Mental Health	20% coinsurance ¹	40% coinsurance	20% coinsurance ¹	40% coinsurance	20% coinsurance ¹

1. For elective hospital admission, you or your physician must obtain advance authorization from BCBS. If you do not obtain advance authorization, you may be subject to a \$250 penalty or your claim could be denied. If you are hospitalized in an emergency, you, your physician, or a member of your family must contact your claim administrator as soon as possible.

2. See page 14 for a description of preventative care coverage, including the recommended schedule for preventative care.

Finding a Network Provider

Choosing a healthcare provider who participates in the BCBS network can significantly reduce your out-of-pocket expenses. The network directory is available on the BCBS Web site.

Simply go to **www.FlowserveFlex.com** and click on the link for BCBS.

Prescription Drug Coverage

The Flowserve Flex medical program includes a three-tier prescription drug program. Your cost for a prescription depends on which tier it is in.

- Generic drugs are the first tier and lowest cost
- Brand-name drugs listed on the BCBS preferred drug (formulary) list are the middle tier
- Brand-name drugs not listed on the BCBS preferred drug (non formulary) list are the third tier and highest cost.

You may purchase prescriptions through retail pharmacies or mail order. A list of participating pharmacies can be found in your provider directory. A link to the directory is available at www.FlowserveFlex.com.

Regardless of whether you are covered by Program A, Program B or the Out-of-Area program, prescription drugs are covered only when you purchase them through a participating network pharmacy or mail order.

Deductibles and coinsurance

Both Program A and Program B cover the same medications, offer the same discounted prescription drug prices, and have the same coinsurance percentages. The differences are in the deductibles.

- **Program A:** Under Program A, you must satisfy a separate annual deductible for prescription drugs. After you satisfy your prescription drug deductible, you pay a percentage of the cost of your prescriptions. The Flowserve Flex Plan will pay the rest. The amount you will be required to pay for any individual prescription is capped at a maximum amount. Your deductible will be waived for generic drugs.
- **Program B:** This program does not have a separate prescription drug deductible. After you satisfy the Flowserve Flex Plan's annual deductible through medical or prescription spend, you pay a percentage of your prescription costs and the Flowserve Flex

Plan will pay the rest. You do not have to satisfy any deductible before Program B begins paying a percentage of the cost of your preventative medications. A list of preventative medications is available on the BCBS Web site. Simply go to www.FlowserveFlex.com and click the link for BCBS.

What is a preferred drug list?

Preferred drugs have been selected by BCBS for their quality, safety, and affordability.

Drugs chosen for the preferred drug list have gone through an extensive review process with input from internal and external physicians and pharmacists. A preferred drug list includes FDA-approved brand name and generic drugs that either represent an important therapeutic advance or are clinically equivalent and possibly more cost effective than other drugs not on the preferred drug list.

The preferred drug list is reviewed and updated on a regular basis, and the list may change as the FDA approves new drugs throughout the year and as BCBS reviews existing drugs to ensure they continue to meet the criteria for safety, effectiveness, and overall value.

Are Generic Drugs as Good as Brand-name?

Generic drugs are chemically identical to their brand-name counterparts and are equally safe and effective. Like brand-name drugs, generics must be approved by the FDA.

Brand-name drugs are more expensive because their manufacturers invest heavily in developing, patenting, and marketing new drugs. After a drug's patent expires, other drug makers can produce the chemically equivalent generic at a lower cost.

If you are currently taking a brand-name prescription, ask your doctor whether a generic equivalent is available.



Prescription Drug Benefit Comparison

Your medical coverage election determines your prescription drug program. So if you choose medical Program A, you are covered by prescription Program A. Under all options, prescriptions are covered only when you use in-network pharmacies.¹ **Out-of-network benefits are not available.** After the applicable deductible, you pay the coinsurance percentage up to the out-of-pocket maximum cost per prescription.

PLAN FEATURE	PROGRAM A	PROGRAM B (HSA compatible)	OUT OF AREA
Prescription Drug Deductible	\$50 Employee \$150 Employee + Dependents *Deductible waived for generic drugs	There is no separate prescription drug deductible. You must satisfy the medical plan deductible. ²	\$50 Employee/ \$150 Employee + Dependent(s) *Deductible waived for generic drugs
Retail pharmacy¹ (up to a 30-day supply)			
Generic	20% coinsurance, \$15 max.	20% coinsurance, \$15 max.	20% coinsurance, \$15 max.
Preferred Brand ^{3,4}	30% coinsurance, \$60 max.	30% coinsurance, \$60 max.	30% coinsurance, \$60 max.
Non-preferred Brand ⁴	45% coinsurance, \$90 max.	45% coinsurance, \$90 max.	45% coinsurance, \$90 max.
Retail pharmacy¹ (31- to 90-day supply)			
Generic	20% coinsurance, \$45 max.	20% coinsurance, \$45 max.	20% coinsurance, \$45 max.
Preferred Brand ^{3,4}	30% coinsurance, \$180 max.	30% coinsurance, \$180 max.	30% coinsurance, \$180 max.
Non-preferred Brand ⁴	45% coinsurance, \$270 max.	45% coinsurance, \$270 max.	45% coinsurance, \$270 max.
Mail order pharmacy¹ (up to a 30-day supply)			
Generic	20% coinsurance, \$15 max.	20% coinsurance, \$15 max.	20% coinsurance, \$15 max.
Preferred Brand ^{3,4}	30% coinsurance, \$60 max.	30% coinsurance, \$60 max.	30% coinsurance, \$60 max.
Non-preferred Brand ⁴	45% coinsurance, \$90 max.	45% coinsurance, \$90 max.	45% coinsurance, \$90 max.
Mail order pharmacy¹ (31- to 60-day supply)			
Generic	20% coinsurance, \$30 max.	20% coinsurance, \$30 max.	20% coinsurance, \$30 max.
Preferred Brand ^{3,4}	30% coinsurance, \$120 max.	30% coinsurance, \$120 max.	30% coinsurance, \$120 max.
Non-preferred Brand ⁴	45% coinsurance, \$180 max.	45% coinsurance, \$180 max.	45% coinsurance, \$180 max.
Mail order pharmacy¹ (61- to 90-day supply)			
Generic	20% coinsurance, \$45 max.	20% coinsurance, \$45 max.	20% coinsurance, \$45 max.
Preferred Brand ^{3,4}	30% coinsurance, \$180 max.	30% coinsurance, \$180 max.	30% coinsurance, \$180 max.
Non-preferred Brand ⁴	45% coinsurance, \$270 max.	45% coinsurance, \$270 max.	45% coinsurance, \$270 max.

1. A list of participating pharmacies can be found on the BCBS Web site.

2. You are not required to satisfy any deductible before Program B pays benefits for eligible preventative medications.

3. A list of preferred drugs can be obtained from BCBS. For contact information, see page 38.

4. If you receive a brand prescription when a generic equivalent is available, you will pay the brand coinsurance plus the difference in cost between the brand and the generic.

Preventative Care

Flowserve's preventative care benefits are designed to help you and your dependents maintain good health and to help you identify any health problems early—when they are often most effectively treated. Flowserve encourages you to get regular preventative exams and to take advantage of the other preventative care benefits that the Flowserve Flex Plan covers.

One of the most effective forms of preventative care is to get regular exams. A routine exam is defined as a medical examination given by a physician for a reason other than to diagnose or treat a suspected or identified injury or disease. The table below lists a recommended schedule for preventative care.

Preventative care services are provided to you in-network at no charge to you. A complete description of covered preventative care services can be found in the Summary Plan Description for the medical program of the Flowserve Flex Plan.

In addition to generous preventative care benefits, the Flowserve Flex Plan offers a number of wellness tools provided to you at no charge. They include the 24/7 Nurseline, Personal Health Manager, Disease Management Program and Special Beginnings® Prenatal Care program. For more information on these Flowserve-provided benefits, see pages 32 and 33.

RECOMMENDED ROUTINE PHYSICALS (COVERED ONLY IN-NETWORK)			
Well Child Care			
Routine Exam	First year of life	8 exams (3-5 days, 48-72 hours after discharge, 1, 2, 4, 6, 8 and 12 months)	100% coverage
Routine Exam	Second year of life	4 exams (15, 18, 24 and 30 months)	100% coverage
Routine Exam	Age 3-6	1 exam in 12 consecutive months	100% coverage
Preventative Care			
Routine Exam, Lab and X-ray		1 exam in 12 consecutive months	100% coverage
Routine OB/Gyn (including PCY and DRE PCY)		1 exam in 12 consecutive months	100% coverage
PAP		1 exam in 12 consecutive months	100% coverage
Mammograms	Women, age 35 and older	1 exam in 12 consecutive months	100% coverage



Medical Coverage: Things To Consider

- **Cost** — How much will you pay for coverage? How much will you pay in out-of-pocket costs for medical care? Program A has lower deductibles but higher per-pay-period costs. Program B has lower per-pay-period costs and a higher deductible, and it gives you the opportunity to participate in the HSA.
- **Generic drugs** — When your physician prescribes a drug, ask whether a generic form is available and if it is appropriate for treating your condition.
- **Other coverage** — Are you and your dependents eligible for coverage under another plan? If so, you will want to compare your premiums, deductibles, and coinsurance, and evaluate which coverage will be most financially advantageous before making your election.
- **Need** — How often do you and your dependents use healthcare services?
- **Convenience** — Do you mind filling out claim forms? If administrative convenience is important to you, using in-network providers will eliminate the paperwork.
- **Health Savings Account (HSA) and Flexible Spending Account (FSA)** — Have you considered contributing to an HSA or Health Care FSA to help cover out-of-pocket costs for medical, dental and vision care and prescription drugs? It may make financial sense to contribute to an HSA or FSA to cover out-of-pocket expenses. (See pages 18 - 28 for more information.)
- **Tobacco Use Surcharge** — Remember to confirm your current tobacco use election.

Dental Coverage

The Flowserve Flex Plan offers two choices for dental coverage:

- Dental program
- Waive coverage (no credit)

About your options

The Flowserve Flex Plan offers dental coverage through Delta Dental Insurance Company and its network of dental providers. You may use any dentist for your dental care. However, if you receive treatment from a dentist in the Delta Dental network, your out-of-pocket costs will generally be lower. The table on this page summarizes dental program benefits.

Your personalized enrollment worksheet indicates your cost for dental program coverage.

Finding a network dentist

The Flowserve Flex Plan offers two networks. When you enroll in the dental program, you automatically have access to both networks. They are called Delta Dental Premier and Delta Dental PPO.

The network directories are available online. Go to www.FlowserveFlex.com and select the link for the dental program. From the Delta Dental home page, select "Dentist Search." You may also call Delta Dental at 1-800-521-2651. When asked to identify your program, select Delta Dental Premier or Delta Dental PPO.

Program overview

The table below shows how much you will pay for covered dental services.

Program Features	
Annual deductible (waived for diagnostic and preventative services)	\$50 Individual \$150 Family max.
Annual maximum benefit (per person)	\$1,500
Diagnostic and preventative services (including routine exams, cleanings, and X-rays) do not apply to annual maximum benefit amount	Program pays 100% ¹
Minor restorative services (such as fillings)	20% ^{1,2} coinsurance
Major restorative services (such as crowns)	50% ^{1,2} coinsurance
Orthodontia Deductible Lifetime maximum benefit (per person)	50% ^{1,2} coinsurance \$50 \$1,500

1. The program does not pay charges above the "allowable amount" (see glossary) if you use a non-network provider.

2. After deductible is met.

Dental Coverage: Things To Consider

- **Need** — How often do you and your covered dependents use dental services? Are you aware of any dental work that you or your dependents will need? Remember, if you do not currently have coverage and choose it now, you will be required to stay in the plan for two plan years (see "Caution Ahead" below).
- **Other coverage** — Are you and your dependents covered by another dental plan? Are you eligible for another plan? If so, you will want to compare your coverage options before you make a decision.
- **Flexible Spending Account (FSA) coordination** — Have you considered contributing to a Health Care FSA to help cover out-of-pocket dental expenses? FSA accounts offer significant tax advantages, so you may save money by contributing to an FSA. For more information about FSAs and how to combine one with an HSA, refer to pages 18-22.

Caution Ahead

If you enroll in the dental or vision program, you will not be able to leave the program for two plan years. That means:

- If you are not currently enrolled, and enroll now, you are electing coverage for the 2014 and 2015 plan years.
- If you are already enrolled in the dental or vision program and have been enrolled for less than two plan years, the only change you can make for 2014 is to increase the number of dependents covered under the program.



Vision Care Coverage

Flowserve offers most associates two choices for vision care coverage:

- Vision program
- Waive coverage (no credit)

About your options

Flowserve's vision program is offered through Vision Service Plan (VSP). VSP includes a network of vision care providers through which you can receive discounted services, frames, and lenses. You may also use non-network providers. The table on this page provides a summary of in-network and out-of-network program benefits.

If you are covered by another vision program or you do not want coverage, you may decline vision care coverage. You will not receive a credit if you decline coverage. Refer to your personalized enrollment worksheet for information on the cost for coverage.

Finding a VSP provider

The VSP network directory is available online. From www.FlowserveFlex.com, select the vision care plan. From the VSP Web site, select "Find a Doctor" or call VSP at 1-800-877-7195.

Program overview

The following table summarizes benefits under the vision care program.

Covered Services/ Materials	In-network	Out-of-network
Exam (no more than one exam every 12 months)	\$20 copay	Program reimburses a maximum of \$43 after \$20 copay
Eyeglass lenses (no more than one pair every 12 months)	\$20 copay ¹ for single vision, lined bifocal or lined trifocal glass or plastic	Program reimburses maximum of \$40-\$80 (amount depends on lens type) after \$20 copay
Frames (no more than one set every 24 months)	Covered in full, up to \$130, after \$20 copay ¹ plus 20% of any out-of-pocket costs	Program reimburses a maximum of \$47 after \$20 copay
Contact lenses ² (Elective)	Plan reimburses a maximum of \$125	Program reimburses a maximum of \$125

1. A single copay is applied to the combined purchase of eyeglass lenses and frames.

2. You may purchase contact lenses in lieu of eyeglass lenses and frames. The copay does not apply to contact lenses.

Vision Coverage: Things To Consider

- **Need** — How often do you and your covered dependents use vision care services or products, such as lenses or frames? Remember, if you do not currently have coverage and choose it now, you will be required to stay in the program for two plan years (see "Caution Ahead" on page 16).
- **Medical coverage** — The Flowserve Flex medical program covers routine eye exams. Depending on your vision care requirements, that coverage may be sufficient.
- **Other coverage** — Are you and your dependents covered by another vision care plan? Are you eligible for another plan? If so, you will want to compare your coverage options before you make a decision.
- **Flexible Spending Account (FSA)** — Have you considered contributing to a Health Care FSA to help cover out-of-pocket vision expenses? Because those accounts offer significant tax advantages, you may save money by contributing to an FSA. For more information about FSAs and how to combine one with an HSA, refer to pages 18-28.

Health Savings Accounts (HSAs)

By selecting medical Program B, you are eligible to participate in a Health Savings Account (HSA). HSAs provide an opportunity to save for medical expenses on a tax-free basis in an individually owned interest bearing account, with no “use it or lose it” rule. Funds accumulate in an HSA over as many years as you choose to maintain the account. BenefitWallet is the HSA administrator.

HSAs and high deductibles

The decision to elect the HSA is paired with the decision to choose medical Program B, which has a higher deductible than medical Program A. Federal regulations require that HSAs only be offered with health plans that have minimum deductibles of \$1,250 for individuals and \$2,500 for families.

Funding options

The tax advantages of the HSA, combined with the lower premiums you pay for medical Program B, are what make this combination so valuable.

For 2014, you can contribute up to \$3,300 per year for individual coverage or \$6,550 per year for family coverage. If you are age 55 to 64, you can save an additional \$1000 tax-free. Because you can use your HSA to accumulate money for long-term medical needs, ideally the amount you contribute will cover your annual deductible. Any money you do not spend in the current year will be invested in your HSA so it can grow tax-free for your future medical needs.

Using FSAs and HSAs

If you have an HSA, you cannot also participate in a standard Health Care FSA—even to pay medical expenses for a dependent who is not covered by medical Program B.¹ **However, you can participate in both an HSA and a limited scope FSA.** You can use a limited scope FSA to put money aside for dental and vision expenses only, that would otherwise deplete your HSA balance. After you have met your medical Program B annual deductible, you may also use the limited scope FSA to pay for unreimbursed medical expenses.

Similar to an IRA

An HSA is like an Individual Retirement Account (IRA) that you use to save for current and future medical expenses. Unlike an IRA, you will never pay taxes on withdrawals from your HSA, as long as you use the money for qualified health-related expenses.

Comparing FSAs and HSAs

You may participate in an HSA only if you choose medical Program B for your medical coverage. If you expect to have large medical expenses this year, you should carefully evaluate whether the HSA will save you money. Consider the difference in premiums, out-of-pocket costs, deductibles and coinsurance, and tax savings on the amount you intend to deposit in an HSA.

Which plan is most financially advantageous for you?	
Program A Lower deductible Potential for short-term savings	Program B with HSA Higher deductible Potential for long-term savings
Higher premiums	Lower premiums
Potentially lower out-of-pocket expenses	Potentially higher out-of-pocket expenses, with a relatively low limit
Anticipate significant and/or recurring medical expenses	Anticipate limited need for medical care
Not concerned about saving for future medical needs	Concerned about saving for future medical expenses

If you choose to participate in an HSA, neither you nor your spouse can contribute to an FSA unless it is the limited, HSA-compatible FSA for dental and vision only.

Based on IRS guidelines same-sex domestic partners are not considered eligible dependents for HSA or FSA purposes.



Sample financial benefits

If you do not incur any medical expenses during 2014, you will clearly benefit by having the lower premiums of Program B and depositing the difference in premiums into an HSA. However, no one can predict when they may become ill and incur out-of-pocket costs for medical care. It is more difficult to understand how the combination of lower plan premiums and the tax benefits of an HSA are advantageous to you in a year in which you have medical costs.

EXAMPLE: FEDERAL TAX SAVINGS AVAILABLE WITH AN HSA

HSA contribution: \$1,000

Tax Rate	Potential Savings
35%	\$350
33%	\$330
28%	\$280
25%	\$250
15%	\$150

In addition to the federal tax advantages, most states provide additional state tax deductions or rebates.

HSA savings over time

If an individual contributed \$1,500 into an HSA each year starting at age 35 — and spent \$500 of that \$1,500 each year on health care expenses — after 30 years the account could grow to around \$58,000.

And starting at age 65 or after, account funds are available for non-medical expenses, without tax penalties!

(This example assumes the owner takes advantage of available HSA investment options and receives an average 4% annual return.)

Account features

There are many ways to manage your HSA funds. You may make contributions for 2014 until April 15, 2015. Contributions after December 31, 2013 cannot be made via the normal payroll process.

Deposits

You can fund your HSA by:

- Payroll deduction (calendar year only)
- Cash, check, or money order
- Electronic funds transfer
- Rollover/transfer from another HSA.

Making withdrawals

You can pay for qualified expenses up to the balance in your HSA by:

- HSA MasterCard debit card
- HSA checkbook
- HSA online/direct bill payment.

Monitoring your account

You can access your account anytime by going to **www.FlowserveFlex.com** and clicking on the link to BenefitWallet's Web site. From this site, you can view your current account balance and account activity and manage your HSA.

To log in, you will create a User ID. It is initially set as your 14-digit account number shown on your welcome letter (that begins with 9500). Your password is set as your Social Security number. You will be asked to change your password the first time you log in.

Questions?

Call the BenefitWallet Solution Customer Service Center

Monday - Friday
8 a.m. - 8 p.m. Eastern time
(877) 472-4200 Phone
(800) 231-5469 TDD

Your login provides secure access to view your HSA account; request account statement reprints, additional checks, and debit cards; print forms; and use the BenefitWallet knowledge base.

You may choose to receive monthly account statements showing your current and year-to-date withdrawals, deposits, and investment earnings. If you have no balance in your account, you will receive quarterly statements. For additional support or information, contact BenefitWallet HSA Solution Support Team at 1-877-472-4200 or go to www.FlowserveFlex.com and choose the link for the HSA. Statements may be received electronically or via mail for a fee.

Investing in your HSA

There is no minimum balance required to earn interest. The interest rate is the same as for Mellon's preferred money market accounts. Interest is applied to daily balances in the account, compounded monthly and credited on the second banking day following the end of the month.

When your account reaches at least \$1,000, you can invest it in the selection of funds that are offered by BenefitWallet.

Portability of your account

An HSA is completely portable. You can take it with you from one workplace to another—and into your retirement years. You can choose which institution maintains your HSA and how you would like the funds invested.

You can also transfer an HSA balance from another administrator into your Flowserve HSA. To transfer your balance from another HSA into your Flowserve HSA, call BenefitWallet HSA Solutions at 1-877-472-4200.

What happens if you die

In the event of your death, your spouse will own your HSA and can continue to use it. If you are not married, upon your death, the account can no longer function as an HSA, but the funds become a taxable part of your estate. You may bequeath the funds through your will.

How FSAs and HSAs Impact Social Security Benefits

Because FSA and HSA contributions reduce your taxable pay, you save money in FICA taxes, as well as federal (and, in some cases, state) income taxes. However, FSA and HSA contributions also lower the earnings that are reported to the Social Security Administration for purposes of calculating your Social Security benefit. Therefore, your future Social Security benefits may be slightly reduced if you participate in an FSA or HSA.

Flexible Spending Accounts (FSAs)

Flexible Spending Accounts (FSAs) allow you to set aside pre-tax payroll deductions to pay for out-of-pocket health care expenses and dependent care expenses.

Tip: “Use it or lose it.”

Spend wisely. If you have money remaining in your FSA at the end of the year, you forfeit it.

You can contribute up to \$2,500 for expenses with pre-tax dollars, which will reduce the amount of your taxable income and increase your take-home pay. In addition to the Health Care FSA, you may opt to participate in the Dependent Care FSA as well – whether or not you elect any other benefits.

Health Care Flexible Spending Accounts

• **Health Care FSA** — You may participate in one or both types of FSAs, depending on the medical program you choose:

- **The standard FSA** is available if you select Program A for medical coverage. You may use it to pay eligible medical, prescription drug, dental, vision, mental health, or substance abuse treatment expenses incurred by you and your qualified dependents.
- **The limited scope FSA** is available if you select Program B for medical coverage. This account is designed to complement a Health Savings Account (HAS) and allows for reimbursement of eligible dental and vision expenses that you may have. You must decide how much to set aside for this account.

Dependent Care FSA

Regardless of which medical program you choose, or if you waive medical coverage, you may participate in the Dependent Care FSA. This account sets aside pre-tax funds to help pay for expenses associated with caring for elder or child dependents. (Eligible dependents are described on page 26.)

How the FSAs work

1. You decide how much money you want to contribute to a Health Care or Dependent Care FSA for the plan year—up to \$2,500 for Health Care and \$5,000 for Dependent Care.
2. Your contributions are deducted from your paycheck each pay period, before any federal or FICA taxes are withheld.
3. When you incur an eligible expense, you typically pay the healthcare or dependent care provider and then file a claim for reimbursement from your FSA. You may be reimbursed for some healthcare expenses automatically, as explained on page 24.
4. Money from your FSA is paid back to you—tax-free—to reimburse your expenses.

Restrictions on FSAs

In exchange for the tax advantages FSAs offer, the IRS places certain restrictions for both the Health Care and Dependent Care FSAs:

1. Your expenses must be incurred during 2014.
2. Your dollars cannot be transferred from one FSA to another.
3. You cannot participate in Dependent Care FSA and claim a dependent care tax credit at the same time.
4. You must “use it or lose it” – any unused funds will be forfeited.
5. You cannot change your FSA election in the middle of the year unless you have a qualifying life status change such as marriage, divorce or birth of a child.
6. Based on IRS guidelines same-sex domestic partners are not considered eligible dependents for HSA or FSA purposes.

Your potential savings with a Health Care FSA

The amount of money you save in taxes by using an FSA will depend on your individual tax circumstances.



Flexible Spending Account Scenarios

Scenario One John Smith, age 40, unmarried with 2 children		Scenario Two* Michelle Jones, age 38, married with 2 children	
Medical Event	Expense to John	Medical Event	Expense to Michelle
Child requires braces	\$2,000.00	Michelle has a baby	\$2,000.00
Family visits physician 6 times annually	\$150.00	6 newborn physician visits	\$150.00
Child wears contact lenses	\$350.00	Monthly maintenance medication	\$150.00
Estimated annual health care expense	\$2,500.00	Children in day care	\$4,500.00
Estimated bi-weekly health care expenses	\$96.00	Estimated annual health and dependent care expense	\$6,800.00
		Estimated bi-weekly health and dependent care expenses	\$261.54

* Associate can elect to participate in Health Care and Dependent Care Spending Accounts

	Scenario One		Scenario Two	
	Without FSA	With FSA	Without FSA	With FSA
Bi-weekly Per Pay Period Salary	\$2,115.00	\$2,115.00	\$2,115.00	\$2,115.00
Bi-weekly Per Pay Period Pre-Tax Contributions	\$0.00	\$96.00	\$0.00	\$261.54
Taxable Income	\$2,115.00	\$2,019.00	\$2,115.00	\$1,853.46
Federal Income Tax	\$754.00	\$719.77	\$754.00	\$660.76
Take-Home Pay	\$1,361.00	\$1,299.23	\$1,361.00	\$1,192.70
After-Tax Expenses	\$96.00	\$0.00	\$261.54	\$0.00
Net Take-Home Pay	\$1,265.00	\$1,299.23	\$1,099.46	\$1,192.70
Increase in Per Pay Period Income	\$0.00	\$34.23	\$0.00	\$93.24
Increase in Annual Spendable Income*	\$0.00	\$889.98	\$0.00	\$2,424.24

* This is a rough estimate only. Since this example does not use actual tax rates, your savings may be higher or lower than indicated.

The Health Care FSA

Contribution limit

You can set aside \$100 to \$2,500 per plan year to pay for any eligible healthcare expenses that you or your eligible dependents incur during that year.

Eligible dependents

In general, you can use an FSA to reimburse out-of-pocket healthcare expenses you pay on behalf of someone you claim as a dependent on your federal income tax return or someone who is enrolled as your dependent in the Flowserve Flex Plan.

Eligible expenses

You can use a Health Care FSA to pay for eligible healthcare expenses that have not been reimbursed from any other source.¹ Examples include:

For Program A it covers:	For Program B (HSA compatible) it covers:
Medical, dental, vision, and prescription drug deductibles, and coinsurance amounts	Dental and vision deductibles and coinsurance amounts
Orthodontia	Orthodontia
Hearing aids and tests	Hearing aids and tests
Prescription glasses, contact lenses, and contact lens solution	Prescription glasses, contact lenses, and contact lens solution

Streamlined Submission

Under the Health Care FSA and Limited Scope FSA, you will be automatically reimbursed for your out-of-pocket medical and dental expenses. BCBS and Delta Dental will determine the portion of expenses that you are responsible for paying. They notify Discovery Benefits that you have expenses eligible for reimbursement from your FSA, and Discovery Benefits reimburses you by check or direct deposit soon after your visit.

When you fill a prescription at a retail pharmacy, you will pay for it when you receive it and that amount will be automatically reimbursed through the streamlined submission feature.

When you enroll, you may elect not to participate in streamlined submission if you want to use the money in your FSA for a particular expense. For example, you can use the FSA as a way to save your share of the cost for orthodontia—so you do not want Payflex to take money from your account if a member of your family goes to the doctor.

Go to www.FlowserveFlex.com to access a complete list of expenses that may be eligible under a Health Care FSA.

For help in estimating your potential 2014 healthcare expenses, use the worksheet on page 25.

1. Money you set aside for the upcoming plan year can only be used to reimburse eligible healthcare expenses you or an eligible dependent incurs during 2014. If you anticipate medical or dental expenses that will extend beyond one year, such as orthodontia, contact BCBS or Delta Dental for advice on estimating expenses.

Check Your FSA Account Balance

You can check your FSA account balance and activity by going to www.FlowserveFlex.com and selecting FSAs. You will also receive an "Explanation of Benefits" statement when there is activity in your FSA account.



Healthcare expenses worksheet

Use this worksheet to help estimate your eligible expenses to decide how much money to contribute to a Health Care FSA. As you make your calculations, follow these guidelines:

- If you are re-enrolling for benefits during the annual open enrollment period, estimate expenses that you expect to incur during the 2014 calendar year.
- If you are enrolling as a new hire, estimate expenses that you expect to incur from your date of hire through December 31, 2014.
- If you are enrolling as an associate from a newly acquired company, estimate expenses that you expect to incur from your coverage effective date (indicated in the letter you received about your Flowserve Flex Plan benefits) through December 31, 2014.
- Base your estimate on your past experience and any planned future expenses (such as scheduled dental work).
- As you estimate your expenses, consider the specific provisions of the Flowserve Flex Plan coverages (medical, dental, and/or vision) you've selected. What deductibles and coinsurance amounts are you responsible for paying? (Program B allows you to save for medical plan expenses in an HSA. However, you may also pay for eligible maintenance medications using a limited scope Health Care FSA.) Do you expect to receive any services that are not covered under your chosen plans?
- Make sure you consider your potential expenses and those of your eligible dependents.
- Do not include any healthcare premiums in your calculation; these expenses are already paid with pre-tax dollars and cannot be reimbursed through an FSA.
- Estimate your expenses carefully, because you forfeit any money left in your FSA at the end of the plan year.

The worksheet at the right does not list all potential reimbursable expenses. If you anticipate incurring healthcare expenses that are not on this list, contact Discovery Benefits or go to www.irs.gov/pub/irs-pdf/p502.pdf to determine if a particular expense is eligible for reimbursement under a Health Care FSA.

Out-of-Pocket Costs (not covered by a healthcare plan or an HSA account)	Estimated Cost
Office visits to a physician ¹ (deductibles, coinsurance)	\$
Visits to specialists	\$
Prescription drugs (eligible maintenance medications under Program B)	\$
Hospitalization	\$
Chiropractic services	\$
Mental health services	\$
Any other medical services not covered by your medical plan	\$
Minor dental restorative services (such as fillings)	\$
Major dental restorative services or orthodontia	\$
Other dental care (not covered or exceeding maximum plan benefit)	\$
Eye exams	\$
Glasses or contact lenses	\$
Other vision care (not covered or exceeding maximum plan benefit)	\$
Hearing exams	\$
Total Expenses (add up all estimated costs)	\$
Per-pay-period cost (to calculate this amount, divide your total expenses by the number of times you will be paid between your coverage effective date and December 31, 2014.)	\$

1. Remember: If you are planning to use in-network physicians, routine preventative care visits are covered 100%.

The Dependent Care FSA

You can use a Dependent Care FSA to pay for eligible dependent day care expenses you incur in order to work or attend school outside the home. If you are married, you can use the Dependent Care FSA only if your spouse works, is a full-time student, or is disabled. If you participate in the Dependent Care FSA, you must report the name, address, and tax ID (or Social Security) number of your care provider to the IRS.

Contribution limits

In general, you may set aside \$100 to \$5,000 per plan year to pay for eligible child or adult dependent care expenses incurred during that year. Married participants are also subject to the following contribution limits:

- If your spouse contributes to a Dependent Care FSA through his or her employer, your combined maximum contribution is \$5,000 in any calendar year
- Your Dependent Care FSA contribution cannot be more than your spouse's earned income or your earned income (whichever is less)
- If you and your spouse file separate tax returns, you may each contribute to FSAs available through your employers. However, the maximum amount you may each contribute is \$2,500 per calendar year

Eligible dependents

Eligible dependents are those you claim on your federal income tax return. They can include any child younger than age 13 or any person incapable of self-care (such as an elderly parent):

- Who lives with you for at least eight hours a day and
- For whom you provide more than half the financial support

Eligible expenses

Examples of eligible dependent care expenses include:

- In-home baby-sitting services (not by an individual you claim as a dependent)
- Care by a licensed nursery or day care center
- Before- and after-school care
- Day camp
- In-house dependent care provider

For a list of eligible expenses, contact Discovery Benefits or go to www.irs.gov/pub/irs-pdf/p503.pdf.

Tax credit vs. Dependent Care FSA

The IRS allows a federal dependent care tax credit of 20% to 35% of your expenses, depending on your income. The maximum credit is \$1,050 if you have one child or \$2,100 if you have two or more children. It is important to calculate your tax savings using both the tax credit and the Dependent Care FSA to determine which will save you the most in taxes. Following is an example of how to make this calculation.

Assume you and your spouse's joint annual income is \$70,000 and you incur \$5,000 in eligible dependent care expenses for your two dependents during the year. Also assume, based on estimated tax rates and guidelines that:

- Your federal income taxes will equal \$1,565 plus 15% of any income over \$15,650 (up to \$63,700 of taxable income)
- You have four exemptions at \$3,400 each, for a total of \$13,600
- Your standard deduction is \$10,000
- The FICA tax equals 7.65% of your adjusted gross income
- Your income level entitles you to a credit of 20% of your eligible dependent care expenses, up to \$2,100

Here's a comparison of your spendable income using the federal tax credit vs. a Dependent Care Flexible Spending Account:

	Federal Tax Credit	Dependent Care FSA
Annual household earnings	\$70,000	\$70,000
Dependent Care FSA deposit	0	(\$5,000)
Adjusted gross income	\$70,000	\$65,000
Estimated federal income tax¹	(\$6,178)	(\$5,428)
Estimated FICA tax	(\$5,355)	(\$4,973)
Dependent care tax credit (\$5,000 X 20%)	\$1,000	0
After-tax dependent care expenses	(\$5,000)	0
"Spendable" income	\$54,467	\$54,599
Annual savings		\$132

1. Neither state income taxes nor actual federal tax rates have not been taken into account in this illustration.

This calculation shows the difference between using a Dependent Care FSA and a federal tax credit. In this example, you would be better off (by \$133) contributing money to an FSA. But every situation is unique, so you may want to consult a professional tax advisor before you decide how much to contribute to the FSA.

Dependent care expenses worksheet

If you are trying to decide how much money to contribute to a Dependent Care FSA, use the worksheet on the right to help estimate your eligible expenses. As you make your calculations, follow these guidelines:

- If you are re-enrolling for benefits during the annual open enrollment period, estimate expenses that you expect to incur during the 2014 calendar year.
- If you are enrolling as a new hire, estimate expenses that you expect to incur from your date of hire through December 31, 2014.
- If you are enrolling as an associate from a newly acquired company, estimate expenses that you expect to incur from your coverage effective date (indicated in the letter about your benefits from the Flowserve Flex Plan) through December 31, 2014.
- Base your calculations on your past experience and any planned future expenses (such as a child entering day care for the first time).
- Estimate your expenses carefully, because you forfeit any money in your FSA that is not used for eligible expenses incurred by December 31 of the plan year.

Dependent Care Expenses	Estimated Cost
For children younger than age 13 Payments to a licensed day care center, nursery school, before- and/or after-school program, or day camp	\$
Payments to an individual (other than someone you claim as a dependent) for care provided inside or outside your home	\$
FICA taxes you pay on behalf of a dependent care provider (in order to be reimbursed, you will have to show proof that you pay that person's FICA taxes)	\$
For other eligible dependents Payments to a home healthcare agency for care of a disabled dependent in your home	\$
Payments to an individual (other than someone you claim as a dependent) or day care center for care of a disabled dependent inside or outside your home	\$
Any other eligible expenses	\$
Total Expenses (add up all estimated costs)	\$
Per-Pay-Period Cost (to calculate this amount, divide your total expenses by the number of times you will be paid between your coverage effective date and December 31, 2014.)	\$

This worksheet does not list all potential reimbursable expenses. If you anticipate incurring dependent care expenses that are not on this list, find out if the expenses qualify for FSA reimbursement. Contact Discovery Benefits or go to www.irs.gov/pub/irs-pdf/p503.pdf to determine if a particular expense is eligible for reimbursement under a Dependent Care FSA.

Employee Life Insurance

Flowserve provides life insurance coverage equal to 1.5 times your annual base salary at no cost to you. This coverage is provided through Minnesota Life.¹ If you prefer more or less coverage, you may choose from the following options:

- \$50,000
- 2 x your base salary²
- 3 x your base salary²
- 4 x your base salary²
- 5 x your base salary²
- 6 x your base salary²
- 7 x your base salary²

1. Although the company pays for employee insurance coverage up to 1.5 times annual salary, you may be subject to additional taxes if the amount of your company-paid coverage exceeds \$50,000. For more information, see "Taxes on Imputed Income" on page 30

2. If you choose an insurance amount based on a multiple of salary and you are:

- Re-enrolling for benefits effective January 1, 2014—your base salary as of September 30, 2013, will be used to determine your life insurance coverage amount
- A new hire—your starting annual base salary will be used to determine your life insurance coverage amount

3. Your cost is based on your age as of June 30 of the plan year for which coverage is effective

If you choose coverage of more than \$50,000 or 1.5 x your annual base salary, you pay the full cost of the additional coverage through after-tax payroll deductions³. The cost for each coverage amount is indicated on your personalized enrollment worksheet. You must be actively at work on the date coverage is scheduled to be effective. If you are not actively at work, your coverage—or any increase in coverage—will be effective on the date you return to work.

Coverage maximum

You may have a maximum of \$1,500,000 in life insurance coverage.

Evidence of insurability

You will be required to provide evidence of insurability if you:

- Elect more than 1.5 x your annual base salary or more than \$350,000 in coverage when you are first eligible for life insurance coverage
- Are already participating in the program and you want to increase your life insurance election by more than one level (for example, to change your coverage amount from 2 x to 4 x your annual base salary), or if the amount of coverage you elect is more than 1.5 x your annual base salary or more than \$350,000.

If evidence of insurability is required, Minnesota Life will send the appropriate forms. Until Minnesota Life receives the completed evidence of insurability form and approves your application, you will have the maximum coverage available that does not require evidence of insurability.

Beneficiary

If you are re-enrolling in Flowserve Flex benefits and your personal circumstances have recently changed (such as your marriage or divorce or the birth or adoption of a child) you should review your beneficiary election.

You can change your beneficiary three ways:

- By completing and returning a beneficiary form
- Online at www.FlowserveFlex.com
- By calling the Benefit Service Center

If you are a new hire or you are joining Flowserve as a result of an acquisition, be sure to complete a beneficiary form and return it to the Flowserve Benefit Service Center as directed. You may name one person, several people, or an institution as your beneficiary. Your beneficiaries will be the same for employee life and AD&D insurance. If you do not elect a beneficiary, in the event of your death, benefits will be paid, in order, to your spouse, children, parents, brothers/sisters, or estate.

Things to consider

- **Need** — Do you have family members who rely on you for financial support? If you died, would they have sufficient financial resources while they adjusted their earnings and expenses?
- **Other coverage** — Do you already have another life insurance policy or the opportunity to purchase coverage through another source? If so, which policy provides better coverage or prices?
- **Financial planning** — Consider talking to a financial advisor to determine how much life insurance you need. Flowserve offers financial planning services through Ayco's Answerline. You can access it on www.FlowserveFlex.com.

Taxes on Imputed Income

Flowserve pays the full cost of employee basic life insurance coverage at 1.5 times your annual base salary. However, the IRS considers employer-paid life insurance coverage in excess of \$50,000 to be an additional form of income to you, and taxes you on the value of that additional coverage. The value—called “imputed income”—is an estimate of Flowserve’s cost to provide you the excess coverage. It is based on your age and coverage amount.

Example: Assume you are 45 years old with annual income of \$45,000. You elect to have basic life insurance coverage of 1.5 times your salary, or \$67,500. Accordingly, you have imputed income on \$17,500 worth of insurance (\$67,500 – \$50,000).

Assume that the IRS has determined that the monthly cost for an employer to provide life insurance coverage to a 45-year-old employee is \$0.15 per \$1,000 of coverage. Under these circumstances, your imputed income would be \$2.63 per month ($\$17,500/\$1,000 \times \0.15) or \$31.56 per year ($\$2.63/\text{month} \times 12 \text{ months}$).

Imputed income is added to your regular earnings each pay period. So, in this example, \$1.21 in imputed income would be reported on your biweekly pay stub and \$31.56 in imputed income would be reported on your annual W-2 form. The taxes you pay on imputed income vary according to your tax status.



Spouse or Same-Sex Domestic Partner Life Insurance

Following are your options for spouse/same-sex domestic partner life insurance coverage through Minnesota Life:

- No coverage
- \$5,000
- \$10,000
- 0.75 x employee base salary
- 1.0 x employee base salary
- 1.5 x employee base salary
- 2.0 x employee base salary
- 2.5 x employee base salary

Your cost per pay-period for each of these options is listed on your personalized enrollment worksheet.¹ (See “Caution Ahead” at the bottom of this page if you are purchasing spouse/same-sex domestic partner life insurance for the first time.) If you decline spouse/same-sex domestic partner life insurance you will pay nothing — and you will not receive a credit.

You must be actively at work on the date coverage is scheduled to be effective. If you are not actively at work, your coverage — or any increase in coverage — will be effective on the date you return to work.

1. The cost of any coverage you elect for your spouse/same-sex domestic partner will be based on his or her age as of June 30 of the plan year for which coverage is effective

Coverage maximums

The maximum amount of life insurance you may purchase for your spouse/same-sex domestic partner is \$500,000.

Evidence of insurability

Your spouse/same-sex domestic partner will be required to provide evidence of insurability if:

- You are enrolling during initial eligibility and you elect coverage of more than \$50,000 for your spouse/same-sex domestic partner
- Your spouse/same-sex domestic partner/same-sex domestic partner is already covered by the program and you want to increase his or her coverage by more than one level (for example, you elect to change his/her coverage amount from 1.5 x to 2.5 x your annual base salary), or if the amount of coverage you elect for him/her is more than \$50,000
- Your spouse/same-sex domestic partner is receiving or entitled to receive disability income due to sickness or injury; or confined to home under the care of a physician for sickness or injury; or receiving inpatient hospital care, receiving care in a hospice, intermediate-care facility, or long-term care facility

If evidence of insurability is required, Minnesota Life will send the appropriate forms. Until Minnesota Life receives the completed evidence of insurability form and approves your spouse's/same-sex domestic partner application, he/she will have the maximum coverage available that does not require evidence of insurability.

Beneficiary

As Flowserve's associate, you are automatically your spouse's/same-sex domestic partner life insurance beneficiary.

Caution Ahead

If you are electing coverage for your spouse/same-sex domestic partner for the first time, Flowserve will not have a record of his/her birth date unless your spouse/same-sex domestic partner has been covered by another Flowserve benefit program in the past. Accordingly, your age has been used to compute the cost estimate for spouse/same-sex domestic partner life insurance shown on your personalized enrollment worksheet. If you buy life insurance for your spouse/same-sex domestic partner, you will need to provide his/her date of birth to the Flowserve Benefit Service Center the first time you enroll him/her for coverage. At that time, the Flowserve Service Center representative will calculate the exact cost of your spouse's/same-sex domestic partner coverage, based on his or her actual age.

Child Life Insurance

Following are your options for child life insurance:

- No coverage
- \$5,000
- \$10,000

The cost per pay-period for child life insurance is listed on your personalized enrollment worksheet. If you choose child life insurance coverage, you will pay one price regardless of the number of children you have, and each child will have the same amount of coverage (\$5,000 or \$10,000, depending on which option you elect). If you decline child life insurance, you will pay nothing—but you will not receive a credit.

Coverage maximums

If a covered dependent dies on or before reaching 14 days of age, the life insurance benefit will be reduced to:

- \$500 for a \$5,000 policy
- \$1,000 for a \$10,000 policy

Evidence of insurability

Your children are not required to provide evidence of insurability for life insurance coverage.

Beneficiary

As a Flowserve associate, you are automatically the beneficiary for your child's life insurance.

Things to consider about spouse/same-sex domestic partner and/or child life insurance

- **Need** — Do you or your family members rely on your spouse/same-sex domestic partner for part of your family's income? If he/she died, how would you meet your financial obligations while you adjusted your earnings and expenses? Consider talking to a financial advisor to determine how much life insurance your spouse needs. If one of your dependents died, would you be able to cover funeral expenses?
- **Other coverage** — Do your spouse/same-sex domestic partner and/or children already have a life insurance policy, or can you purchase coverage through another source? If so, which provides better coverage or prices?
- **Financial planning** — Consider talking to a financial advisor to determine how much life insurance you need for your spouse and children. Flowserve offers financial planning services through Ayco's Answerline. You can access it on www.FlowserveFlex.com.

If you and your spouse/same-sex domestic partner work for Flowserve

An individual may be covered only one time under the life insurance program. If you and your spouse/same-sex domestic partner are both employed by Flowserve, you may not cover each other as dependents, and only one of you may cover your children.



Accidental Death and Dismemberment Insurance

In addition to life insurance, Flowserve offers insurance coverage to protect against the possibility that an accident causes death, loss of a limb, paralysis or loss of eyesight, speech, or hearing. This coverage, called Accidental Death and Dismemberment (AD&D) insurance, is provided through Minnesota Life.

AD&D coverage is subject to certain exclusions and limitations.

Your options for AD&D coverage are as follows:

- No coverage
- \$10,000
- \$50,000
- 2 x employee base salary¹
- 4 x employee base salary¹
- 6 x employee base salary¹
- 8 x employee base salary¹
- 10 x employee base salary¹

If you elect AD&D coverage for yourself you may also purchase AD&D coverage for your family. If you elect AD&D coverage for your spouse/same-sex domestic partner, your spouse's/same-sex domestic partner coverage will be 60% of your coverage amount. If you elect AD&D coverage for your children, each child's coverage will be 20% of your coverage amount. If you elect child AD&D coverage, all of your eligible children will be covered.

1. If you choose an insurance amount based on a multiple of salary and you are:
- Re-enrolling for benefits effective January 1, 2014 — your base salary as of September 30, 2013, will be used to determine your life insurance coverage amount
 - A new hire — your starting annual base salary will be used to determine your life insurance coverage amount

Your costs per pay-period for individual and family AD&D insurance coverage are listed on your personalized enrollment worksheet. If you decline AD&D coverage you will pay nothing—but you will not receive a credit.

Coverage maximum

The maximum amount of AD&D coverage you may purchase for yourself is \$1,250,000.

Beneficiaries

- Your beneficiary for AD&D coverage will automatically be the same as the beneficiary you elect for employee life insurance coverage.
- As Flowserve's associate, you are the automatic beneficiary of any spouse/same-sex domestic partner and/or child AD&D insurance proceeds.

Things to consider

- **Need** — Which members of your family need this type of coverage? Consider the nature and extent of activities that may pose risks.
- **Other coverage** — Do you or your spouse/same-sex domestic partner already have AD&D coverage, perhaps through a credit card? If so, which policy provides better coverage/prices?
- **Life insurance vs. AD&D** — If you feel you need more insurance, would you be better off purchasing life insurance coverage instead of AD&D? Although AD&D insurance is relatively inexpensive, remember that it only covers accidental deaths, dismemberments, paralysis, or loss of eyesight, speech, or hearing.
- **Financial planning** — Consider talking to a financial advisor to determine how much AD&D you really need. Flowserve offers financial planning services through Ayco's Answerline. You can access it on www.FlowserveFlex.com.

Short-Term Disability Program

If you experience a qualifying non-work-related injury or illness (including pregnancy), Flowserve's Short-Term Disability program pays a percentage of your base salary during the disability period. If approved, Short-Term Disability benefits begin on the eighth day of your qualified disability and may continue, if needed, for up to the 180th day of your disability.

Coverage options

The Short-Term Disability program is administered through Liberty Mutual. You have two choices for the Short-Term Disability program.

Your personalized enrollment worksheet shows your cost per pay-period (on a before-tax basis) if you elect supplemental coverage. If you decline supplemental Short-Term Disability coverage you will pay nothing — but you will not receive a credit.

Basic coverage	60% of your base salary	Flowserve automatically provides basic short-term disability coverage (replacing 60% of base salary) at no charge.
Supplemental coverage	80% of your base salary	If you want more coverage you may purchase supplemental coverage equal to 20% of your base salary (for a total salary-replacement benefit of 80%).

Evidence of insurability

If you are enrolling in Flowserve Flex within 30 days of hire, you will not be required to provide evidence of insurability to purchase supplemental (80%) disability coverage.

If you have previously enrolled in the program and elected only basic (60%) coverage, you will need to provide evidence of insurability to purchase supplemental coverage.

Things to consider

- **Need** — If you were unable to work for up to six months, would 60% of your base salary be enough to cover all of your monthly financial obligations (such as mortgage or rent, food, car, and other personal expenses)? What other financial resources would you have during a disability?
- **Anticipated disabilities** — Are you planning a pregnancy? Do you expect to undergo a medical procedure that will take you away from work for more than seven days?
- **Financial planning** — Consider talking to a financial advisor to determine how much disability coverage you need. Flowserve offers financial planning services through Ayco's Answerline. You can access it on www.FlowserveFlex.com.

Long-Term Disability Insurance

The company provides Long-term Disability (LTD) Insurance to all associates (except Vernon union associates). This insurance is paid in full by Flowserve. It will replace 60% of your monthly base salary, up to \$20,000 per month, if you experience a qualifying disability that lasts for more than 180 days. The first 180 days of disability may be covered under the Short-Term Disability program.

NOTE

If you are represented by a union, the terms of any disability programs available to you are outlined in your collective bargaining agreement.

Important tax election

If you become disabled, any LTD benefits you receive will be subject to state and/or federal income tax, depending on where you live. Because LTD replaces only a portion of your salary, having taxes deducted could leave you with too little monthly income. To avoid having to pay taxes on LTD benefits in the event of your disability, you can pay taxes on the premiums that Flowserve pays for your LTD coverage. The income taxes you pay on the premium will vary according to your tax status.

You must elect this option and begin paying taxes on LTD premiums before you become disabled. If you become disabled but have not paid taxes on the LTD premiums, you will be required to pay taxes on any LTD benefits you receive. You may only make this election during open enrollment. This tax election is not available for short-term disability coverage.

Company-Provided Benefits

In addition to the benefits you elect during the enrollment period, you have the following benefits under the Flowserve Flex program. Flowserve automatically provides these benefits, so you do not need to enroll in them. You do not pay anything to use these benefits. If you have questions about any of these benefits, contact the Flowserve Benefit Service Center.

Employee Assistance Program

All associates and their family members have access to Flowserve's Employee Assistance Program (EAP). The EAP is a confidential resource for counseling and referrals to help associates and their dependents with:

- Marriage or relationship issues
- Depression
- Elder care
- Family problems
- Work-related stress
- Child care
- Drug or alcohol abuse
- Financial problems

When you or a family member needs assistance, you can call a toll-free number (1-877-888-6446) 24 hours a day, seven days a week, and speak confidentially to a qualified mental health professional. You will either receive immediate counseling or referral to a specialist. For more information on your EAP benefits and to view online articles on a variety of personal topics, you can access the EAP on **www.FlowserveFlex.com**.

24/7 Nurseline

The 24/7 Nurseline puts you in touch with nurses who are experienced in providing information about health issues, medical procedures, and treatment options. They help you make more informed decisions and communicate effectively with your doctor.

There is no cost to you for using the 24/7 Nurseline. And you can be assured that your call is completely confidential.

The 24/7 Nurseline is not a substitute for medical care.¹ You should consult a health professional for diagnosis and treatment. And, in a life-threatening emergency, please call your local emergency number or go to the nearest hospital emergency room.

1. The nurses at 24/7 Nurseline cannot diagnose, prescribe or give medical advice. Members should contact their physicians with any questions or concerns regarding their healthcare needs. Not all topics discussed may be covered expenses under your medical plan.

BCBS Personal Health Manager

BCBS gives you access to the Personal Health Manager at no additional cost. You can access it on www.FlowserveFlex.com, selecting the link for BCBS and choosing “My Health” from the BCBS home page.

The Personal Health Manager gives you health and wellness information, medication information, wellness tracking tools, videos and interactive tutorials. It also provides targeted wellness and condition-specific information. And it gives you online resources to research symptoms, investigate treatment options or prescription drugs and their side effects, learn about nutritious-meal planning and more.

One of the most valuable tools is the Health Risk Assessment. After you have completed the Health Risk Assessment, you will be asked to authorize release of the results to BCBS. This will help BCBS better manage your healthcare.

You will receive a confidential personal health summary report and a customized wellness plan that addresses your unique needs and lifestyle. The report is provided to you electronically, or you can request a printed copy. Your spouse is also encouraged to participate.

Financial Planning Program

Flowserve provides a financial planning program with the help of The Ayco Company, L.P., a leading provider of financial planning and counseling, to help you make sound financial decisions. The financial planning program will be one more valuable tool to support you in achieving your financial goals.

Ayco gives you access to objective, professional planners. Ayco can counsel and assist you on a wide range of topics, including investing inside and outside of your 401(k) plan, funding your child’s education, making sure you have enough life insurance, refinancing your mortgage, creating a will, planning for kids and protecting them in the event of your death, getting the most out of Flowserve benefit plans, and more.

Go to www.FlowserveFlex.com and click the link for the Aycofn® Web site. There you will find interactive financial planning tools, a personal financial scorecard, financial calculators, educational materials and access to *Updates*, an electronic financial planning newsletter. Use your Flowserve employee ID, last name, and ZIP code to generate a password.

Retirement Plans

Flowserve helps you secure your financial future through a variety of retirement plans, including:

- **Retirement Savings Plan** — A tax-advantaged 401(k) plan that rewards associates for saving, with matching contributions from Flowserve. New associates are automatically enrolled at the time of hire. To begin contributions or to access your account, go to www.FlowserveFlex.com and choose the Retirement Savings plan link.
- **Pension Plan** — Providing a company-funded retirement benefit for eligible associates.

Flowserve's Administrators and Service Providers

For one-stop access to Flowserve's benefits service providers, go to www.FlowserveFlex.com (available through **Passport** or directly from home) or call the Benefit Service Center (1-877-FLS-FLEX) and follow the prompts. To learn more about Flowserve's administrators and service providers, visit their Web sites or call them at the phone numbers listed below.

Service	Provider	Phone	Hours ¹	Web Site
Benefit Service Center & Enrollment	ADP ADP manages Flowserve's Benefit Service Center. Center representatives are available to enroll you in Flowserve Flex and to provide general information about health plans featured in this brochure.	1-877-357-3539 (1-877-FLS-FLEX)	M-F 9am-7pm	www.flowserveflex.com
Medical	Blue Cross Blue Shield of Texas Blue Cross and Blue Shield gives you access to one of the largest networks of doctors and hospitals in the country.			www.bcbstx.com
	BCBS Customer Service For Member Services and questions about claims	1-800-521-2227	M-F 9am-9pm	You will need your group and member ID numbers (printed on your ID card). The first time you use the site, you will be asked to create a user ID and password to have access to your personal information. The BCBS site provides these helpful tools: <ul style="list-style-type: none"> • Network doctor and hospital finder • Medical cost estimator • Summary of your medical plan coverage • Drug formulary list • Hospital comparison tool, and • Treatment cost advisor. In addition, you can access the Personal Health Manager directly from the BCBS site.
	24/7 Nurseline	1-800-581-0368	24 hours a day, 7 days a week	
	Blue Care Connection To reach Case Management, Disease Management, and Special Beginnings	1-800-462-3275	M-F 9am-5:30pm	
	Inroads Behavioral Health Services Pre-certification of behavioral health services	1-800-528-7264	M-F 9am-7pm	
	Medical Services Pre-certification Line (If you are seeking out-of-network care)	1-800-441-9188	M-F 7am-7pm	
	Blue Card Access If you need to access provider information for states other than Texas	1-800-810-2583	24 hours a day, 7 days a week	
	Personal Health Care Advisor Compass Professional Health Services was established in 2005 with the mission to help employers and individuals lower their healthcare costs while maintaining or improving the quality.	1-800-513-1667	M-F	



Service	Provider	Phone	Hours ¹	Web Site
Dental	Delta Dental Delta Dental provides dental insurance to more than 1 million enrollees in 10 states	1-800-521-2651	M-F 9am-8:30pm	www.deltadentalins.com
Vision	Vision Service Plan (VSP) A nationwide network of more than 18,300 eyecare providers serving more than 33 million members and 17,000 employee groups.	1-800-877-7195	M-F 8am-10pm	www.vsp.com
Flexible Spending Accounts (FSAs)	Discovery Benefits	1-866-451-3399	M-F 7am-7pm	www.discoverybenefits.com
Health Savings Accounts (HSAs)	BenefitWallet	1-877-472-4200	M-F 8am-8pm	www.hsamember.com
EAP	ValueOptions ValueOptions provides a variety of managed behavioral healthcare services to more than 23 million members. Flowserve employees count on ValueOptions to provide EAP services.	1-877-888-6446	7 days/week 24 hours/day	www.valueoptions.com www.achievesolutions.net/flowserve (for online EAP services)
Life insurance AD&D insurance	Minnesota Life One of the most highly rated financial institutions in America. This century-old company administers Flowserve's life and AD&D insurance programs.	1-800-328-9442 (claims)	M-F 8am-6:30pm	www.minnesotalife.com
Disability programs	Liberty Mutual Founded in 1912, Liberty Mutual is the 6th largest Personal & Casualty Insurance company in the United States. Liberty Mutual has earned an A.M. Best Co. 'A' Excellent rating, and they administer Flowserve's disability and family leave programs.	1-877-225-1739	7 days/week 24 hours/day	www.mylibertyclaim.com
Financial planning	The Ayco Company Ayco is a leading provider of sophisticated, objective, fee-based financial counseling in the United States. An affiliate of GoldmanSachs & Co, Ayco's professional staff provides financial education and advice to hundreds of thousands of corporate employees and their families at hundreds of major companies nationwide through The Ayco AnswerLine® service, broad-based seminars, benefits education and life-event counseling programs.	Ayco AnswerLine 1-866-487-9452 Hearing Impaired (TTY/TDD) 1-800-437-6380	M-F 9am-5pm	www.aycofn.com
Retirement Savings Plan	T. Rowe Price Established in 1937, T. Rowe Price is committed to providing quality retirement plan services, and currently helps more than 1.9 million people save and invest through their employers' retirement plans.	1-800-922-9945	M-F 7am-10pm	rps.troweprice.com
Pension Plan	T. Rowe Price Established in 1937, T. Rowe Price is committed to providing quality retirement plan services, and currently helps more than 1.9 million people save and invest through their employers' retirement plans.	1-800-922-9945	M-F 7am-10pm	rps.troweprice.com

1. All times Eastern Standard

Adding Up Your Choices

Your Before-Tax Benefit Costs		
Enter the per-pay-period cost shown on your personalized enrollment worksheet if you are purchasing any of the benefits listed below:		
Medical	\$	
Dental	\$	
Vision	\$	
Health Care FSA ¹	\$	
Dependent Care FSA ¹	\$	
Health Savings Account ¹	\$	
AD&D Insurance	\$	
Supplemental Short-Term Disability program	\$	
1. Total before-tax costs	\$	This amount will be deducted from each paycheck on a before-tax basis.

Your After-Tax Benefit Costs		
Enter the per-pay-period cost shown on your personalized enrollment worksheet if you are purchasing any of the benefits listed below:		
Employee Life Insurance	\$	Coverage in excess of 1.5 times your annual base salary
Spouse Life Insurance	\$	
Child Life Insurance	\$	
2. Total after-tax costs	\$	This amount will be deducted from each paycheck on an after-tax basis.

Approximate Total of Per-Pay-Period Costs/Credits (Not adjusting for taxes)		
Total before-tax costs from line 1	\$	• If line 4 is a positive number, this is the approximate per-pay-period cost of your benefits.
+ Total after-tax costs from line 2	\$	
4. Total per-pay-period benefit cost	\$	
Your personalized enrollment worksheet will reflect the amount of the long-term disability premium Flowserve pays on your behalf. If you elect to pay the income tax on that premium, you will have more taxable income.		

- For Health Care and Dependent Care Flexible Spending Accounts and the Health Savings Account, take the total amount of the contribution you recorded on your personalized enrollment worksheet and divide it by the number of times you will be paid in 2014.

Glossary

Allowable amount: A range of fees for a particular service typically charged by providers in a geographic area, as determined by the administrator. Reimbursements for out-of-network medical care are usually based on the allowable amount for the service. The plan pays 80% coinsurance benefits only on fees that fall within the plans' allowable amounts. If an out-of-network provider's fees are more than the allowable amount, you are responsible for paying the amount over the allowable amount. Network providers have agreed to keep their charges within the allowable amount, so you will never have to pay any excess charges when you receive in-network care. Allowable amount is sometimes referred to as "reasonable and customary."

Annual maximum benefit: The maximum benefit amount that a medical or dental plan will pay during a calendar year for your covered expenses.

Annual out-of-pocket maximum: The maximum amount you will pay in a calendar year toward covered expenses, including the deductible. After you reach the out-of-pocket maximum, most covered expenses will be paid at 100% for the rest of that year.

Coinsurance: The percentage of covered medical or dental expenses you pay after meeting your deductible. For example, if your plan pays 80% of covered expenses, the remaining 20% is your coinsurance.

Copayment (copay): The flat fee charged for certain services under the vision plan. The copayment is typically due at the time you receive the service.

Cost: The amount you pay to purchase benefits.

Death Benefit: A company-provided taxable benefit paid from the Flowserve Corporation Pension Plan to the beneficiary of a deceased retiree.

Deductible: The amount of covered expenses you must pay in a calendar year before a medical or dental plan will pay for part of your covered expenses.

Health Savings Accounts (HSAs): Tax-advantaged accounts created for someone covered under a high-deductible health plan as defined by the HSA statute. Contributions to an HSA can be made by the employer, the retiree, or both. Contributions are tax deductible. Investment returns grow tax-free and distributions for qualified medical expenses (defined under Section 213(d) of the Internal Revenue Code) are tax-free. Unused HSA balances can be carried over from year to year, are portable, and can be used during retirement.

In-network care: Medical, dental, vision care, or pharmacy services performed or authorized by a provider who participates in a managed care network.

Managed care: This type of medical coverage is provided through an organized system of healthcare delivery in which doctors, hospitals, and other providers agree to provide healthcare to participants at a predetermined fee. Dental and vision care plans that have network providers are also managed care plans.

Network: A group of physicians, hospitals, laboratories, and other healthcare providers who deliver services under the terms of a managed care plan.

Out-of-network care: Medical, dental, vision care, or pharmacy services performed by a provider of your choice who does not participate in a managed care plan.

Plan year: January 1 through December 31.

Preferred drug list: Prescription drugs that have been selected by BCBS for their quality, safety, and affordability. The preferred drug list includes FDA-approved brand-name and generic drugs that either represent an important therapeutic advance, or are clinically equivalent and possibly more cost-effective than other drugs not on the preferred drug list.

Primary care physician (PCP): A physician who directs the overall care of patients who belong to a managed care plan. You may select a primary care physician when you enroll in Program A or Program B. Selecting a PCP is optional.

This brochure highlights the basic provisions of Flowserve's benefits plans. It does not include plan specifics. The details of the plans are in the official plan documents and contracts. While Flowserve has made every effort to provide accurate information, if there are any differences between this highlights brochure and the official documents, the official documents will govern.

Flowserve has the right to change or end any of the plans or provisions of the program. Receipt of this brochure and participation in these programs are not offers or contracts of employment or guarantees of future employment with Flowserve.

