

**UNIVERSITY OF PENNSYLVANIA
ADOPTION ASSISTANCE PLAN**

(Effective as of March 2, 2020)

PURPOSE AND INTENT

Effective July 1, 2009, The Trustees of the University of Pennsylvania (the "University") established the University of Pennsylvania Adoption Assistance Plan (the "Plan") for the exclusive benefit of its Eligible Employees (as defined below). The purpose of the Plan is to reimburse such Eligible Employees for all or a portion of the expenses resulting from the adoption of an Eligible Child (as defined below). The University desires to amend the Plan effective March 2, 2020 to provide benefits for the adoption of the child of an Eligible Employee's spouse and to make other desired changes. The Plan is intended to satisfy the requirements of section 137 of the Internal Revenue Code of 1986, as amended (the "Code"), and to provide benefits to Eligible Employees that are excludable from federal gross income to the extent permitted under section 137 of the Code.

ELIGIBLE EMPLOYEE

All University active full-time faculty with a benefits-eligible title, regular full-time staff and limited service staff are eligible to participate in the Plan after completing their first year of employment (each, an "Eligible Employee," and collectively, "Eligible Employees"). Time as a temporary, part-time or student worker is not counted toward this one year of employment requirement. To be an Eligible Employee, a limited service staff member must work at least 35 hours per week for nine or more months of the year. If an employee is covered by a collective bargaining agreement, the employee shall be eligible to participate in the Plan only to the extent provided in the provisions of the applicable collective bargaining agreement.

ELIGIBLE CHILD

In general, the term "Eligible Child" means any child who has not attained age 18 or who is physically or mentally incapable of self-care and who is not the child of an Eligible Employee's domestic partner.

ADOPTIONS COVERED

Adoptions are eligible for reimbursement when the following conditions are met:

- The faculty or staff member is an Eligible Employee.
- In the case of a foreign adoption, the adoption has been finalized.
- In the case of the adoption of a child who is a citizen or resident of the United States, the adoption proceedings have been finalized or formally terminated.
- The reimbursement request is submitted within six months of the adoption's finalization (foreign and domestic adoptions) or formal termination (domestic adoptions only).

- The expenses are Qualified Adoption Expenses.
- The child is an Eligible Child.

Adoption expenses for foreign adoptions will not be Qualified Adoption Expenses until the adoption becomes final. If the adoption involves an Eligible Child who is a citizen or resident of the United States, expenses will be Qualified Adoption Expenses only if the adoption proceedings are finalized or formally terminated. In either case, this must occur after the faculty or staff member has completed one year of service with the University, as described under "Eligible Employee" above.

QUALIFIED ADOPTION EXPENSES

"Qualified Adoption Expenses" that may be reimbursed under the Plan include the "reasonable and necessary" expenses (with receipt of payment) that an Eligible Employee incurs in the form of:

- court costs,
- attorney's fees,
- traveling expenses (including amounts spent for meals and lodging) while away from home, and
- other expenses which are directly related to, and whose principal purpose is for, the legal adoption of an Eligible Child by an Eligible Employee.

The following expenses, however, are not Qualified Adoption Expenses:

- expenses incurred in violation of state or federal law,
- expenses incurred in carrying out any surrogate parenting arrangement, and
- expenses incurred in connection with the adoption by an Eligible Employee of a child of the Eligible Employee's domestic partner.

LIMITATION ON ADOPTION ASSISTANCE

Adoption assistance under the Plan is limited to \$5,000 with respect to any Eligible Child. This is a limit on the total Qualified Adoption Expenses that may be reimbursed in connection with any Eligible Child and is not an annual limit, even if the expenses occur over a period of years. There is also a limit of two adoptions per household for the lifetime of employment with the University. However, if siblings are adopted simultaneously, this will be considered as one adoption for the household and the \$5,000 limit on reimbursements per adoption is multiplied by the number of siblings adopted at that time.

REIMBURSEMENT PROCEDURE

To obtain reimbursement, an Eligible Employee must submit to the University all of the following information within six months of the date of the documentation of the adoption's finalization (or within six months of the termination of domestic adoption proceedings, if applicable):

- A completed Adoption Assistance Plan Reimbursement Request Form.
- Documentation of all fees, costs and other expenses incurred in connection with the adoption of an Eligible Child. The Eligible Employee must provide receipts, canceled checks, credit card statements, and/or paid stamped invoices confirming payment.
- Documentation that indicates whether the child is a citizen or resident of the United States.
- For the adoption of an Eligible Child who is not a citizen or resident of the United States: 1) a final decree of adoption by a competent authority of the foreign-sending country establishing a parent-child relationship under the laws of the foreign-sending country, as well as 2) evidence that the child has been issued the appropriate visa from the State Department of the United States.
- For the adoption of an Eligible Child who is a citizen or resident of the United States: a final decree of adoption or documentation of the termination of the adoption proceedings.

Documentation of all expenses must be submitted at the time the reimbursement request is submitted. Additional expenses submitted afterwards will not be reimbursed. Reimbursements will be made in accordance with the University's standard payroll practices.

The Adoption Assistance Plan Reimbursement Request Form and substantiating documents should be sent as follows:

Intramural Mail:

Human Resources
Quality of Worklife
3624 Market St., Suite 1 A South
Mail Code 2615

U.S. Mail:

Human Resources
Quality of Worklife
University of Pennsylvania
3624 Market St., Suite 1 A South
Philadelphia, PA 19104-2615

Human Resources/Quality of Worklife will review requests for reimbursement and determine if the adoption costs qualify for reimbursement, up to the reimbursement limits.

CONTRIBUTIONS AND FUNDING

Eligible Employees are not required or permitted to contribute to the Plan. All payments will be made by the University from its general assets.

TAX TREATMENT

Benefits under this Plan are designed to be excludable from gross income under Code Section 137, except in the case of benefits relating to the adoption of the Eligible Employee's spouse's child, as provided below. However, tax exemption may not be available (or may be less than expected) for Eligible Employees with personal or joint income levels above certain dollar amounts. The University will not withhold federal income taxes. Notwithstanding the foregoing, any adoption assistance provided in connection with the adoption of a child of the Eligible Employee's spouse will be fully taxable to the Eligible Employee and subject to all applicable income and employment taxes.

Federal law provides a tax credit for adoption expenses that are not reimbursed by an employer or paid under a state or federal grant program. Because individuals must elect between the tax credit and reimbursement under this Plan for the same expenses, and because for some taxpayers, the credit might produce a lower overall tax liability, employees are advised to seek tax advice regarding this benefit. The tax liability on any payments made under the Plan is the sole responsibility of each Eligible Employee.

Benefits under the Plan are not exempt from FICA, state and city taxes.

PLAN ADMINISTRATOR

The Plan will be administered by the University's Vice President for Human Resources (or any individual or entity whom the Vice President of Human Resources has authorized and empowered to issue uniform rules and adopt terms to be used in carrying out the purposes of the Plan). The Plan Administrator may make and enforce such rules and regulations as are deemed necessary or proper for the efficient administration of the Plan. The Plan Administrator will determine whether expenses are Qualified Adoption Expenses eligible for reimbursement under the Plan. Additionally, the Plan Administrator will have discretionary authority to interpret the Plan and decide any and all matters arising hereunder, including the right to remedy possible ambiguities, inconsistencies or omissions and make factual determinations.

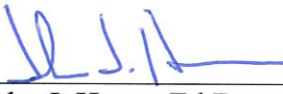
Any such corrections, interpretations or determinations of the provisions of the Plan by the Plan Administrator will be final, binding and conclusive upon all parties, including the University, employees, their families, and dependents.

AMENDMENT AND TERMINATION

The University intends to continue the Plan so long as the federal income tax exclusion is available under the Code. However, this Plan will be subject to amendment or termination at any time, and for any reason, by or pursuant to a written instrument executed by the University's Vice President of Human Resources.

IN WITNESS WHEREOF, the undersigned officer of the University has executed this Adoption Assistance Plan on behalf of the University on this 20 day of February, 2020.

THE TRUSTEES OF THE UNIVERSITY
PENNSYLVANIA

By: 
John J. Heuer, Ed.D.
Vice President for Human Resources

