

IOWA STATE UNIVERSITY
Adoption Assistance Plan

Effective July 1, 2022

TABLE OF CONTENTS

	PAGE
INTRODUCTION	
ARTICLE 1 – ELIGIBILITY	
1.1 Employee Eligibility.....	4
1.2 Eligible Child.....	4
ARTICLE 2 – PLAN BENEFITS	
2.1 Maximum Reimbursement.....	4
2.2 Joint Adoptive Parents.....	5
2.3 Funding.....	5
2.4 Impact to Benefits.....	5
ARTICLE 3 – REIMBURSABLE EXPENSES	
3.1 Qualified Adoption Benefits.....	5
3.2 Ineligible Expenses.....	5
3.3 Special Needs Adoptions.....	6
3.4 International Adoptions.....	6
3.5 Reimbursement Limited to Final Adoptions.....	6
ARTICLE 4 – REIMBURSEMENT PROCEDURES	
4.1 Required Adoption Documentation.....	7
4.2 Documentation Submission.....	7
4.3 Denial and Appeals Process.....	7
4.4 Reimbursement and Appeals Review Timing.....	8
4.5 Unclaimed and Undeliverable Reimbursements.....	8
4.6 Reimbursement Only.....	8
ARTICLE 5 – TAX CONSIDERATIONS	
5.1 Exclusion from Income.....	8
5.2 Tax Withholding.....	8
5.3 Tax Mitigation.....	9
5.4 Federal Tax Credit.....	9
5.5 Tax Liability.....	9
5.6 Reimbursement Limitation.....	9

ARTICLE 6 - NONDISCRIMINATION

6.1 Nondiscrimination.....9

ARTICLE 7 – ADMINISTRATION OF THE PLAN

7.1 Plan Administrator.....9

7.2 Third Party Claims Administrator.....10

ARTICLE 8 – MISCELLANEOUS PROVISIONS

8.1 Information to be Furnished to the Plan Administrator.....10

8.2 Uniform Rules.....10

8.3 Interest Not Transferable.....10

8.4 Controlling Law.....10

8.5 Severability.....10

8.6 Employment Rights.....11

8.7 Amendment or Termination.....11

**IOWA STATE UNIVERSITY
ADOPTION ASSISTANCE PLAN**

Effective July 1, 2022

INTRODUCTION

Iowa State University (“University”) hereby establishes this Iowa State University Adoption Assistance Plan (the “Plan”) effective July 1, 2022 for the exclusive benefit of its eligible faculty and staff (collectively, “employee(s)”). The Plan will operate on a calendar-year basis. The Plan provides for the financial reimbursement of Qualified Adoption Expenses that are paid or incurred in connection with the final adoption of an Eligible Child and while an Eligible Employee of the University. It is intended that benefits paid under the Plan will be excludable from an employee’s gross income for federal income tax purposes to the full extent permitted under Internal Revenue Code of 1986 (26 U.S.C. §137.), as amended (the “Code”).

ARTICLE 1 – ELIGIBILITY

1.1 Eligible Employee - Subject to the conditions and limitations of this Article, all active University faculty and staff who are eligible to participate in the University’s benefit plans and programs, including Iowa Board of Regent’s staff participating with the University’s benefit programs, are eligible to participate in the Plan. Eligible Employee includes regular or term appointments of 50% or greater full time equivalent. The term Eligible Employee does not include the following employee classifications: Student employee, Graduate Assistants, Temporary, Seasonal, Event, Contingent, Independent Contractor, any affiliated organization employee participating in the University’s benefit programs, or leased within the meaning of §414(n) of the Code. 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.

1.2 Eligible Child – An eligible child is any individual who, at the time the adoption expenses are incurred, is under the age of 18 or is physically or mentally incapable of self-care. A child of the Eligible Employee’s spouse or domestic partner is not considered an eligible child.

ARTICLE 2 – PLAN BENEFITS

2.1 Maximum Reimbursement - Except as otherwise limited in the Plan, the Plan will reimburse each Eligible Employee up to \$5,000 (USD) in adoption assistance benefits pursuant to the requirements set forth in the Plan. The adoption assistance benefits provided by the Plan shall be in the form of reimbursements for Qualified Adoption Expenses enumerated in Article 3.1 if those expenses are incurred in connection with the final adoption of the Eligible Child by an Eligible Employee. Notwithstanding the above,

the reimbursement is limited to the Eligible Employee's actual Qualified Adoption Expenses and further limited to two adoptions throughout the Eligible Employee's lifetime of employment (\$10,000 (USD) lifetime maximum reimbursement). If siblings are adopted simultaneously, this will be considered as one adoption event for purposes of the lifetime maximum.

- 2.2 Joint Adoptive Parents** - In the event spouses or domestic partners are jointly employed by the University with each qualifying as an Eligible Employee, the maximum benefit applies to the combined Qualified Expenses of the household for each adoption event.
- 2.3 Funding** - The adoption assistance reimbursement benefit provided herein shall be paid by the University's fringe benefit account. Eligible Employees are not required or permitted to contribute to the Plan.
- 2.4 Impact to Benefits** - Reimbursement is not considered compensation for purposes of determining retirement plan contributions or any other benefit plan.

ARTICLE 3 – REIMBURSABLE EXPENSES

3.1 Qualified Adoption Benefits – For purposes of the Plan, Qualified Adoption Expenses shall mean reasonable and necessary adoption fees, court costs, attorney's fees, and other expenses which are (i) directly related to, and the principal purpose of which is for, the legal adoption of an Eligible Child by the Eligible Employee, (ii) not incurred in violation of state or federal law, or in carrying out any surrogate parenting arrangement, (iii) not for the adoption of a child who is the child of the Eligible Employee's spouse or domestic partner, and (iv) not reimbursed by another source (e.g., gifts, grants, other employers). Qualified expenses must have been incurred and the adoption finalized while an Eligible Employee, which includes satisfactory completion of one year of service. Examples of reasonable and necessary Qualified Adoption Expenses are:

- Adoption agency and placement fees (including home study fees);
- Legal fees and court costs for the adoption;
- Medical expenses required to complete the adoption (including immunizations);
- Temporary foster care costs;
- Immigration and translation fees;
- Traveling expenses (including amounts paid for meals and lodging while away from home);
- Counseling fees associated with placement and initial adjustment;

3.2 Ineligible Expenses - The following expenses are not Qualified Adoption Expenses for purposes of the Plan and are not reimbursable under the Plan:

- Expenses that violate state or federal law;

- Expenses allowed as a credit or deduction under any other federal income tax rule;
- Expenses paid or reimbursed using funds received from any federal, state or local program;
- Expenses paid or reimbursed by another employer or employer sponsored program, or any other source;
- Expenses for mileage or all forms of fuel;
- Expenses for carrying out any surrogate parenting arrangement;
- Expenses for the adoption of a spouse's or domestic partner's child;
- Medical examination fees for the adopting parents;
- Expenses for personal items such as clothing and food for either the parents or child;
- Gifts to orphanages;
- Expenses of the birth mother (including medical expenses);
- Expenses incurred prior to becoming an Eligible Employee under the Plan, even if such expenses would otherwise be treated as Qualified Adoption Expenses;
- Expenses submitted later than twelve (12) months following the date the adoption becomes final (Article 4.1);
- Expense reimbursements requested prior to the adoption becoming final;
- Expenses incurred after ceasing to be an Eligible Employee under the Plan;
- Expenses incurred with respect to an adoption that is finalized after ceasing to be an employee of the University; and
- Expenses the University determines are not Qualified Adoption Expenses.

3.3 Special Needs Adoptions – An Eligible Employee adopting a child with special needs, defined as a child who is a citizen or resident of the United States who a state has determined: (i) cannot or should not be returned to the birth parents' home; and (ii) has a specific factor or condition (such as the child's ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions, or physical, mental, or emotional disabilities) because of which the child cannot be placed with adoptive parents without adoption assistance, may be able to exclude from income certain amounts in addition to the actual qualified adoption expenses they pay or incur, even though the University does not reimburse those amounts under the Plan. Contact your tax advisor for information on how to take the additional exclusion.

3.4 International Adoptions - In the case of an adoption of a child who is not a citizen or resident of the United States at the time the adoption effort commenced, any such expense which is paid or incurred before the taxable year in which such adoption becomes final shall be taken into account as if such expense were paid or incurred during the year the adoption becomes final. No such expense shall be taken into account in a taxable year before the adoption becomes final.

3.5 Reimbursement Limited to Final Adoptions – Any Qualified Adoption Expense which is paid or incurred before the taxable year in which such adoption becomes final shall be

taken into account as if such expense was paid or incurred during the year the adoption becomes final. No such expense shall be taken into account in a taxable year before the adoption becomes final.

ARTICLE 4 – REIMBURSEMENT PROCEDURES

4.1 Required Adoption Documentation - For adoption assistance benefits to be considered and reimbursed by the Plan, an Eligible Employee must submit to the Third Party Claims Administrator all of the following information within twelve (12) months of the date of the documentation of the adoption’s finalization and comply with all other procedures established by the Plan:

- A signed and fully completed *Adoption Assistance Claim Form*;
- Documentation of all fees, costs and other expenses incurred in connection with the adoption of an Eligible Child for which the Eligible Employee is seeking reimbursement. The Eligible Employee must provide receipts, canceled checks, credit card statement, 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 (i) 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, and (ii) 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; and
- Any additional documentation deemed necessary by the Plan Administrator and/or Third Party Claims Administrator that establishes satisfactory evidence that the adoption has been finalized or qualifies under the terms of the Plan.

4.2 Documentation Submission - Documentation of all expenses for which the Eligible Employee is seeking reimbursement, must be submitted at the time the reimbursement request is submitted. Additional expenses submitted after reimbursement request will be denied for reimbursement. Reimbursements will be made in accordance with the Third Party Claims Administrator’s practices.

4.3 Denial and Appeals Process - Any claims for adoption assistance benefits will be processed in accordance with this Plan and any procedures established by the Plan Administrator and/or Third Party Claims Administrator, in their sole discretion. The Third Party Claims Administrator will provide notice in writing if a claim for adoption assistance benefits is denied in part or in full. The Plan Administrator, through an appeals process, will conduct a review of any denied claim, either in part or in full, if requested.

- 4.4 Reimbursement and Appeals Review Timing** - Timely requests for reimbursement will generally be approved or denied by the Third Party Claims Administrator, in writing, within 30 days. Requests for review of any denied claims, either in part or in full, will be responded to within 30 days of the notice of denial.
- 4.5 Unclaimed and Undeliverable Reimbursements** - If, within one (1) year after any amount becomes payable hereunder to a participant, the same shall not have been claimed, provided due and proper care have been exercised by the Third Party Claims Administrator and the University in attempting to make such payments by providing notice at the participant's last known address, the amount thereof shall be forfeited and shall cease to be a liability of the Plan. In such case, the amount thereof shall be retained by the University and returned to the fringe benefits pool to the extent permissible under Iowa law. Provided that the claimant initially made a timely claim, the claimant shall have the right and responsibility to re-establish their claim for payment with the University by providing due proof that such amount is owed to the participant.
- 4.6 Reimbursement Only** - The University will only provide reimbursement of Qualified Adoption Expenses and will not pay expenses directly.

ARTICLE 5 – TAX CONSIDERATIONS

- 5.1 Exclusion from Income** – Benefits under this Plan are designed to be excludable from gross income under the Code. However, tax exemption may not be available (or may be limited) for Eligible Employees with personal or joint income levels above certain dollar thresholds. Employees are responsible for understanding the tax treatment of reimbursements under this Plan and for claiming the applicable income exclusion by filing Form 8839 with their federal income tax return. **Benefits are subject to the Social Security and Medicare portions of the Federal Insurance Contributions Act (“FICA”), federal unemployment tax (“FUTA”) and may be subject to state and/or local taxes.**
- 5.2 Tax Withholdings** - The University will withhold any applicable federal, state and local taxes, as required by law, from any payments made under the Plan and/or from the employee's regular or supplemental compensation from the University. Any FICA or FUTA taxes required to be withheld from benefits provided under this Plan shall be deducted from the employee's regular or supplemental compensation in the same calendar year in which the benefit is paid. If any benefit under this Plan becomes subject to federal income taxes (whether as a result of nondiscrimination testing, payment of benefit in excess of statutory limits or otherwise), any federal income tax withholding attributable to the taxable portion of any benefit will be deducted from the employee's regular or supplemental compensation in the same calendar year in which the benefit is provided. Notwithstanding the foregoing, if an employee must include any of the reimbursements in income as a result of personal or joint income exceeding certain dollar thresholds, employees should be aware that federal and state withholding may not be sufficient to cover income taxes when due and should adjust W-4 withholdings as appropriate or consult with their tax advisor.

- 5.3 Tax Mitigation** – The Plan is intended to provide tax-free adoption assistance benefits to eligible employees pursuant to the Code. However, subject to Article 6.1 of the Plan, the University will provide the benefits described in this Plan even if such benefits are taxable or are in excess of the amount excludable under the Code; provided, however, that no such benefit will be provided to an individual if the benefit would cause the Plan to become discriminatory in favor of highly compensated employees as defined by §414(q) of the Code.
- 5.4 Federal Tax Credit** – 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 consult with their tax advisor regarding this benefit.
- 5.5 Tax Liability** – The tax liability on any payments made under the Plan is the sole responsibility of each participating employee. The University does not make any warranty or representation as to whether any payment received by the person under the Plan will be treated as excludable from gross income for federal or state income tax purposes. A participant should consult their tax advisor to determine the proper treatment of the payments made under the Plan.
- 5.6 Reimbursement Limitation** – The maximum reimbursement of \$5,000 is less than the regulatory limit established under §137 of the Code. The maximum for exclusion and credit, either through tax credits and/or employer-sponsored adoption assistance is published annually by the Internal Revenue Service. Plan participants are responsible for researching and understanding tax implications and possible tax liability associated with utilizing adoption assistance benefits.

ARTICLE 6 - NONDISCRIMINATION

- 6.1 Nondiscrimination** - The Plan is intended not to discriminate in favor of certain highly compensated employees as defined in 414(q) of the Code. If in the judgement of the University or the Plan Administrator, the operation of the Plan in any plan year would result in such prohibited discrimination, the University or the Plan Administrator shall, in its full discretion, select and exclude from eligibility and/or coverage under the Plan such employees as shall be necessary to assure that, in the just of the University or the Plan Administrator, the Plan does not discriminate.

ARTICLE 7 – ADMINISTRATION OF THE PLAN

- 7.1 Plan Administrator** - The Plan Administrator shall be the University. The Plan will be administered by the University's Office of the Senior Vice President of Operations and

Finance (or any individual or entity the Senior Vice President of Operations and Finance 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, in conjunction with the Third Party Claims Administrator, will coordinate the administration of this Plan. The contract with the Third Party Claims Administrator is incorporated by reference as part of this Plan document. The terms of the contract prevail in the event of a conflict with any other Plan provision or other document. 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, through the Third Party Claims 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 made in good faith shall be final, binding and conclusive upon all parties.

- 7.2 Third Party Claims Administrator** – Effective July 1, 2022, the University has contracted with ASIFlex as the Third Party Claims Administrator.

ARTICLE 8 – MISCELLANEOUS PROVISIONS

- 8.1 Information to be Furnished to the Plan Administrator** - Eligible Employees must furnish the Plan Administrator, through the Third Party Claims Administrator, with such evidence, data or information as deemed necessary or desirable to administer the Plan. A fraudulent misstatement or omission of fact may be used to deny claims for benefits.
- 8.2 Uniform Rules** - The Plan Administrator shall administer the Plan on a reasonable and nondiscriminatory basis and shall apply uniform rules to all persons similarly situated.
- 8.3 Interest Not Transferable** - Except as otherwise expressly permitted by the Plan or as may be required by the tax withholding provisions of the Code or any state's income tax act, benefits under the Plan are not in any way subject to the debts or other obligations of the persons entitled thereto and may not be voluntarily or involuntarily sold, transferred, alienated, assigned or encumbered.
- 8.4 Controlling Law** - Except to the extent superseded by the laws of the United States, the laws of the State of Iowa shall be controlling in all matters relating to the Plan.
- 8.5 Severability** - In the event that any provision of the Plan is held to contravene the provisions of the Code or the regulations thereunder, or any other applicable federal or state law, the remaining provisions of the Plan will nonetheless continue in full force and effect, and this Plan will be construed as though any invalid provisions hereunder had not been included herein, as of the earliest date that such invalid provision first came into

conflict with the Code or any final regulations issued thereunder, or any other applicable federal or state law.

8.6 Employment Rights - Employment rights of an employee shall not be deemed to be enlarged or diminished by reason of establishment of the Plan or the employee's eligibility for benefits under the Plan, nor shall establishment of the Plan confer upon any employee any right to be retained in the service or promoted by the University.

8.7 Amendment or Termination - The University intends to continue the Plan so long as the federal income tax exclusion is available under the Code and funding remains available. However, the University reserves the right to amend, modify or terminate the Plan at any time and for any purpose, in whole or in part, by or pursuant to a written instrument executed by the Senior Vice President of Operations and Finance.

IN WITNESS WHEREOF, the undersigned officer of the University has executed this Adoption Assistance Plan on behalf of the University on this _____ day of _____, 2022:

By: _____

Printed Name: _____

Title: _____