

Adoption Assistance Plan Policy

UNIVERSITY
OF
CALIFORNIA

The University of California (UC) is pleased to offer an Adoption Assistance Plan to support eligible employees in the Faculty/Staff Benefit Program who wish to expand their immediate families through adoption. Navigating the adoption process can be challenging, and cost is among the many factors families need to consider as they make the decision to adopt. The Adoption Assistance Plan provides financial support through reimbursement of adoption-related expenses incurred by eligible employees. The Plan is effective July 1, 2021.

Eligibility

In order to receive benefits under the Plan, an Eligible Employee must incur Eligible Expenses in the process of legally adopting an Eligible Child. When the terms below are used in this Plan, the following definitions apply:

ELIGIBLE EMPLOYEE

Employees who have met eligibility requirements for Full, Mid-level or Core benefits are eligible for the Plan.

The following groups are not eligible:

- Employees covered by the Postdoctoral Scholars Benefit Program or the Residents and Fellows Benefit Program
- Students covered by the Student Health Insurance Plan
- Independent contractors or persons otherwise designated by UC at the time of hire as ineligible to participate in the Plan (even if they are subsequently determined to be an “employee” of UC by any governmental or judicial authority)

ELIGIBLE CHILD

An Eligible Child is a child under age 18, or an individual 18 or over who is physically or mentally unable to care for themselves. A child of a deceased spouse or domestic partner does qualify. However, the child of an employee’s living spouse or domestic partner does not.

ADOPTION

An adoption of an Eligible Child by an Eligible Employee through a formal legal process. Adoptions must be legally finalized to qualify for reimbursement. Only adoptions finalized on or after July 1, 2021 (the effective date of the Plan) are eligible for reimbursement benefits. The Plan requires proof of finalized legal adoption.

QUALIFIED EXPENSE

Qualified Expenses are expenses as defined by the Internal Revenue Code and incurred for the primary purpose of an adoption finalized on or after July 1, 2021. Qualified Expenses prior to July 1, 2021 are eligible if incurred while the Plan participant was employed by UC, and such Qualified Expenses were incurred for an adoption that was finalized on or after July 1, 2021. Expenses incurred prior to employment with UC are not Qualified Expenses.

How the Adoption Assistance Plan Works

Eligible Employees pay for their adoption expenses, and then submit claims for reimbursement after the adoption is finalized. The Plan provides reimbursement of up to \$5,000 per adoption for Qualified Expenses such as agency fees, legal fees and court costs.

ENROLLMENT

Eligible Employees are automatically enrolled. No action is required by the Employee.

COST

There is no cost for Eligible Employees to participate. All expenses of the Plan are paid by the University.

EXPENSES

Guidance issued by the Internal Revenue Service (IRS) helps the Plan Administrator determine which adoption expenses qualify for reimbursement. Generally, Qualified Expenses include reasonable and necessary fees paid by the Eligible Employee for the principal purpose of adopting an Eligible Child. Examples of qualified and non-qualified expenses are listed below. These lists are intended to be illustrative only, and are not exhaustive. Contact WEX Health, the Claims Administrator, with questions about expenses not listed.

Qualified Expenses include:

- Attorney fees and court costs
- Licensed adoption agency and placement fees
- Immigration, translation and document authentication fees
- Re-adoption expenses for a foreign child
- Travel expenses, including meals and lodging while away from home
- Parent, child and family adoption counseling fees
- Home suitability study fees

Non-Qualified expenses include:

- Surrogate parenting arrangements
- Embryo adoption
- Expenses paid or reimbursed by other sources, including but not limited to other benefit or insurance plans
- Expenses claimed as a credit or deduction on personal tax returns
- Expenses that violate state or federal law
- Expenses incurred prior to your employment with UC

Plan Administration

- Personal items including clothing and food
- Medical expenses for the adopted child or birth mother

EXPENSES LIMITED TO FINALIZED ADOPTIONS ONLY

Qualified Expenses incurred throughout the adoption process are not eligible for reimbursement until after the adoption is legally finalized.

UNSUCCESSFUL ADOPTIONS

Expenses incurred for adoptions that are unsuccessful (not finalized) do not qualify for reimbursement.

ADOPTIONS FINALIZED PRIOR TO JULY 1, 2021

Expenses related to adoptions finalized prior to the July 1, 2021 establishment of the Plan are not eligible for reimbursement.

EXPENSES INCURRED PRIOR TO EMPLOYMENT

Expenses incurred prior to employment with UC are not eligible for reimbursement, even if the adoption is finalized while you are a participant in the Plan.

REIMBURSEMENT LIMITS

The Plan has limits on the amount of reimbursement paid per adoption, and lifetime limits on the number of allowable adoptions.

LIMIT PER ADOPTION

The Plan provides a limit of \$5,000 per Eligible Child. This limit applies to total reimbursements paid for the adoption of one Eligible Child, even if expenses are incurred over multiple years.

TWO UC EMPLOYEES

If both adoptive parents work for UC, the maximum combined reimbursement benefit for the adoption of one Eligible Child is \$5,000.

MULTIPLE ADOPTIONS

If two Eligible Children are adopted simultaneously, they will be treated as separate adoptions. Each adoption will be eligible for the maximum benefit of \$5,000. Unused funds for one adoption cannot be used for reimbursement of expenses for the second adoption.

LIFETIME LIMITS

The Plan limits adoptions to two (2) per Eligible Employee, with a maximum of \$10,000 in benefits in the Eligible Employee's lifetime. If both adoptive parents are Eligible Employees of the University, the Plan limits adoptions to two (2) per household, with a combined maximum of \$10,000 in benefits during their lifetime.

WEX Health is the Claims Administrator. They administer claims for reimbursement under the Plan on behalf of the University. The Claims Administrator determines which expenses are eligible for reimbursement and the amount of benefits reimbursable for such expenses under the Plan. Final determination as to whether expenses are eligible for reimbursement and the amount reimbursable for such expenses, including appeals for reimbursement, rest solely with the Claims Administrator.

The University is the Plan Administrator. The Plan Administrator, from time to time, may adopt rules and regulations as may be necessary or desirable for the proper and efficient administration of the Plan and as are consistent with the Plan's terms. The Plan Administrator (or its delegate, the Claims Administrator, WEX Health) has sole discretionary authority to interpret Plan terms, including, but not limited to eligibility and benefit determinations, and decide any and all matters arising under the Plan, including the right to remedy possible ambiguities and make factual determinations. Any corrections, interpretations or determinations made regarding the provisions of the Plan by the Plan Administrator will be final and binding on all parties.

Claims Filing Information

To receive reimbursement benefits under the Plan, Eligible Employees must first complete the UC Adoption Assistance Plan Verification Form, and submit it to WEX Health, UC's Adoption Plan Administrator.

If approved, WEX will send a confirmation statement with instructions for submitting expenses for consideration of reimbursement under the Plan. Supporting documentation to substantiate eligible expenses are required for claims to be processed. Eligible Employees must satisfy all requirements and comply with all procedures established by the Plan Administrator or claims will be denied.

PROOF OF FINALIZED ADOPTION

The Plan requires Eligible Employees to provide proof of a finalized legal adoption before any claims for Qualified Expense reimbursements will be paid. The following documentation should be included when submitting claims to the Claims Administrator:

- **Domestic Adoptions**—For the adoption of an Eligible Child who is a citizen of the United States (U.S.), a court order or notarized copy of the final decree of adoption issued by a state or other authorized U.S. governing body.
- **International Adoptions**—For the adoption of an Eligible Child who is not a citizen or resident of the United States, a final decree of adoption by a competent authority of the foreign-sending country, as well as evidence the child has been issued the appropriate visa from the U.S. State Department.

The legality of an adoption agreement may vary from state to state and country to country. It is the Eligible Employee's responsibility to make sure the adoption relationship they are entering into conforms to all laws and regulations before submitting Qualified Expenses for reimbursement under the Plan. UC will only provide this benefit for adoption arrangements that comply with all applicable laws.

METHODS FOR FILING CLAIMS

Claims can be submitted to the Claims Administrator by mail, fax or email. All claims submitted must include a signed claim form and required supporting documentation.

ITEMIZED RECEIPTS

Include copies of itemized bills, along with itemized receipts and proof of payment, such as cancelled checks or bank statements, showing payment has been made for all Qualified Adoption Expenses being submitted for reimbursement.

CLAIM PROCESSING AND PAYMENT TIMELINE

Generally, the Claims Administrator processes claims within three (3) business days of receiving a completed Adoption Assistance Claim Form and all required supporting documentation. The Claims Administrator issues reimbursement payments directly to participants. No taxes or withholdings are taken from reimbursement payments. Any tax liability for payments made under the Plan are the sole responsibility of participating employees. See the Tax Implications section on page 8 for additional information on taxes.

CLAIM DENIALS

INCOMPLETE INFORMATION

If complete information is not provided, the Claims Administrator will deny the claim and send written notice to the Eligible Employee stating the reason for the denial and request additional information as needed to make a claim determination.

ADOPTION NOT FINAL

Claims for reimbursement submitted prior to finalization of the adoption will be denied. Eligible Employees may resubmit the claims after their Eligible Child's adoption is legally finalized.

NON-QUALIFIED EXPENSES

Claims for reimbursement of non-qualifying expenses will be denied. If a claim includes both qualified and non-qualified expenses, the non-qualified expenses will be excluded from reimbursement.

CLAIM FILING DEADLINE

Eligible Employees have six (6) months from the date the adoption is finalized to submit claims for reimbursement. Claims submitted after the six (6) month deadline will not be eligible for reimbursement under the Plan.

When Coverage Ends

NO ASSIGNMENT OF BENEFITS

The Plan pays reimbursements directly to Eligible Employees for Eligible Expenses. The Plan will not make payments to adoption agencies, lawyers, etc. for fees or charges owed to them by an Eligible Employee.

FRAUD

Eligible Employees must furnish the Plan Administrator with all information determined to be necessary to administer the Plan. A fraudulent misstatement or omission of fact may be used to deny claims for benefits, and employees may be subject to disciplinary action.

Participation in the Plan ends on the last day of the month in which an employee ceases to be an Eligible Employee. Adoptions finalized and Eligible Expenses incurred prior to their coverage end date will continue to be eligible for reimbursement provided claims are received by the Claims Administrator within sixty (60) days of the Eligible Employee's coverage end date. Claims received beyond the sixty (60) day deadline will not qualify for reimbursement.

Appeals

Instructions for filing appeals related to the Plan are as follows:

CLAIMS APPEALS

Wex Health, as the Claims Administrator, manages appeals for claims for benefits. If a claim for reimbursement is denied in whole or in part, they will send a written explanation within ten (10) business days of receiving the claim. If the claim is denied because it is not consistent with the terms of the Plan—for example, because the expense is ineligible or because supporting documentation was not provided—the Claims Administrator handles the appeal. Participants have 180 days from the first denial date to appeal the decision by submitting additional documentation. Reimbursement claim appeals should be sent to:

Wex Health
P.O. Box 2926
Fargo, ND
58108-2926

Wex Health decisions on appeals for claims for benefits are final and binding on all parties.

ELIGIBILITY APPEALS

The University manages appeals regarding eligibility for participation in the Plan. If the Claims Administrator denies a claim because they find the employee or the child does not meet the Plan eligibility requirements, the University will handle the appeal. Eligibility claim appeals can be sent via email to HEALTHANDWELFAREBENEFITSAPPEAL-L@listserv.ucop.edu, or via U.S. postal mail to:

University of California, Office of the President
Health & Welfare Benefits
Attn: Eligibility Appeals
1111 Franklin St.
Oakland, CA 94607

Generally, the University will respond to you within 120 days of receiving your appeal, or (if later) within 60 days of receiving any additional materials requested from you, your UC location or another relevant party. If circumstances require a longer period of review, the University will notify you of the delay. The University's decisions on eligibility appeals are final and binding on all parties.

Tax Implications

Adoption Reimbursement benefits are subject to Social Security and Medicare taxes and may be subject to state and/or local taxes. However, no taxes or withholdings will be taken from benefit payments issued by the Claims Administrator, WEX Health. Responsibility for withholding and reporting taxes are as follows:

SOCIAL SECURITY AND MEDICARE TAXES

The University is required to withhold Social Security and Medicare taxes for benefits paid from the Plan. UC will withhold applicable Social Security and Medicare tax deductions from the recipient's UC payroll after WEX Health pays benefits. Withholdings will occur as soon as administratively possible but no later than the last paycheck issued by UC in the calendar year of the benefit payment.

FEDERAL, STATE, AND LOCAL INCOME TAXES

Generally, benefits paid under an employer adoption assistance program are not subject to federal income tax. However, they may be subject to state and/or local taxes. Reimbursements from the Plan are reported for tax purposes in the calendar year the reimbursement is paid, not the year the participant incurred eligible Adoption expenses. Amounts paid by the Plan will be shown on the Eligible Employee's year-end UC W-2 form. Income tax laws vary by state and locality. Any income tax liability for benefits paid is the sole responsibility of the benefit recipient – they are obligated to report amounts reimbursed by the Plan to the IRS and state and local taxing authorities.

CONSULT A TAX ADVISOR

The University does not provide personal tax assistance, and information provided here is not intended as tax or legal advice. Tax laws and their interpretation are subject to change. Participants in the Plan should consult with their tax and/or legal advisor prior to claiming benefits under the UC Adoption Assistance Plan.

FEDERAL ADOPTION TAX CREDIT

There is a Federal Adoption Tax Credit available for adoption expenses. Amounts claimed under the Federal Adoption Tax Credit are not eligible for reimbursement under UC's Adoption Assistance Plan. Individual tax situations are unique, and some may find the Federal Adoption Tax Credit more financially favorable than the benefits paid from the UC Plan. Eligible employees should consult a tax advisor to decide which option is best for them.

Other Provisions

AMENDMENT AND TERMINATION

The Plan may at any time and from time to time be amended, modified or terminated by written instrument executed by a duly authorized representative of the University, subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities.

BENEFITS SOLELY FROM GENERAL ASSETS

The benefits provided hereunder will be paid solely from the general assets of the University. Nothing herein will be construed to require UC to maintain any fund or segregate any amount for the benefit of any Plan participant, and no Plan participant or any other person will have any claims against, right to, or security or other interest in, any fund, account or asset of UC from which any payment under the Plan may be made.

GOVERNING LAW

This Plan is to be construed, administered, and governed by the laws of the state of California, to the extent not superseded by the Internal Revenue Code or other federal laws.

IMPLICATIONS FOR OTHER BENEFIT PLANS

Reimbursements paid from the Plan do not affect the wages used to determine premium costs for UC's medical, disability, life and AD&D plans, nor the benefit levels for life or disability insurance; do not affect wages used to calculate your University of California Retirement Plan (UCRP) contributions or benefits; and do not affect wages used to calculate your contributions to UC's Tax-Deferred 403(b) Plan, 457(b) Deferred Compensation, or Defined Contribution Plans.

NONDISCRIMINATION REQUIREMENTS

The Plan is intended not to discriminate in favor of highly compensated employees as required in Section 137 of the Internal Revenue Code. If the University and the Claims Administrator determine the operations in a Plan year may result in prohibited discrimination, then the University has full discretion to select and exclude from eligibility and/or coverage such employees as necessary to assure the Plan does not discriminate.

By authority of the Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by the Regents. Source documents are available for inspection upon request (800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. The Plan confers no right upon any employee to continued employment. For more information, employees should contact their Human Resources Office and retirees should call the UC Retirement Administration Service Center (800-888-8267).

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Systemwide AA/EEO Policy Coordinator, University of California, Office of the President, 1111 Franklin Street, Oakland, CA 94607, and for faculty to the Office of Academic Personnel and Programs, University of California, Office of the President, 1111 Franklin Street, Oakland, CA 94607.

