About This Program

Baylor University (the “University”) established the Baylor University Adoption Assistance Program (the “Program”), effective as of April 1, 2017, for the exclusive benefit of its eligible employees. It is intended that benefits paid under the Program will be excludable from your income for federal income tax purposes to the full extent permitted under Internal Revenue Code § 137. Please see the discussion below of “Important Tax Considerations” for more information.

Eligibility

The following individuals are eligible to participate in the Program once they have completed 12 continuous months of full-time employment with the University:

- Full-time faculty members and post-doctoral fellows who have been appointed at .75 full-time equivalency or more per semester; and
- Full-time regular staff members who are scheduled to work 30 or more hours per week.

An individual is not eligible to participate in the Program if:

- for purposes of IRS Form W-2, the University classifies that individual in its payroll records as a temporary employee or independent contractor; or
- for any other reason, that individual is not a common-law employee of the University.

This document refers to an individual who meets these eligibility criteria as an “Eligible Employee.”

Benefits

An Eligible Employee who meets the Program’s conditions can obtain up to $6,000 in 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 under the Program. An Eligible Employee is eligible for the maximum reimbursement for each Eligible Child, up to two children in any single calendar year. For purposes of the maximum benefit, a child is deemed to have been adopted in the calendar year in which the adoption is finalized. Any attempt that leads to a successful adoption of a child and any unsuccessful prior attempt to adopt a different child are treated as one adoption.

If both adoptive parents are Eligible Employees, the maximum benefit applies jointly.

Eligible Child

An Eligible Child must be under the age of 18 or physically or mentally incapable of self-care and must not be a stepchild of the Eligible Employee.

Qualified Adoption Expenses

Qualified Adoption Expenses are actual expenses reasonably and directly related to adoption of an Eligible Child and generally include the following:

- agency and placement fees (including home study fees);
- legal fees and court costs;
- medical expenses for the adoptive child prior to placement for adoption;
● medical expenses of the birth mother (excluding amounts reimbursed by insurance or otherwise);
● temporary foster care costs;
● immigration, immunization, and translation fees;
● travel and transportation costs (including amounts spent for meals and lodging);
● counseling fees associated with placement and initial adjustment (beyond what is covered under the University’s medical plan);
● qualified adoption expenses that were part of an unsuccessful attempt to adopt a different child; and
● other expenses as determined by the University, consistent with Instructions to IRS Form 8839.

IMPORTANT: If you adopt a special-needs child, as defined in the Instructions to IRS Form 8839, you may be able to exclude from income certain amounts in addition to the actual qualified adoption expenses you pay or incur; however, the University does not reimburse those so-called “deemed expenses” under the Program.

The following expenses are not qualified adoption expenses and are not reimbursable under the Program:

● expenses incurred prior to April 1, 2017;
● expenses paid or incurred before you became an Eligible Employee under this Program;
● expenses reimbursed or reimbursable under a federal, state, or local program;
● expenses reimbursed under another employer-sponsored program;
● expenses that violate applicable federal, state law, or foreign law;
● expenses associated with a surrogate parenting arrangement;
● expenses associated with the adoption of the child an Eligible Employee’s spouse (stepchild adoptions);
● expenses submitted later than 3 months following the date the adoption becomes final;
● expenses incurred after you are no longer an Eligible Employee under this Program;
● expenses incurred with respect to an adoption not finalized while you are an employee of the University;
● expenses submitted for reimbursement before the adoption is finalized; and
● expenses the University determines are not qualified adoption expenses.

### Claiming Reimbursement

After the adoption of an Eligible Child is finalized, reimbursements for Qualified Adoption Expenses may be requested by:

● submitting a signed and fully completed Adoption Assistance Request Form
● attaching itemized bills or receipts substantiating the amount and nature of the expenses; and
● providing a copy of the final decree of adoption.

Requests for reimbursement not submitted within 3 months following the date the adoption becomes final will not be considered. In addition, to be eligible for reimbursement of Qualified Adoption Expenses, you must be an employee of the University on the date the adoption becomes final and submitted expenses must have been incurred while you were an Eligible Employee. Timely requests for reimbursement will generally be approved or denied by the University, in writing, within 30 days.
**General Provisions**

The Program operates on a calendar-year basis.

Employees are not required or permitted to contribute to the Program. All Program benefits are to be paid by the University from its general assets.

The University administers the Program, and has sole discretionary authority to interpret the Program, to make eligibility and benefit determinations, and to make factual determinations in connection with the Program. Any determinations of the University are final and binding.

The University intends to continue the Program indefinitely but has the right to terminate or amend the Program at any time.

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

**Important Tax Considerations**

The University strongly recommends that individuals who are considering adoption consult with their tax advisor before beginning the adoption process.

It is intended that benefits paid under the Program may be excludable from your income for federal income taxes to the extent permitted under Internal Revenue Code § 137. You are responsible for understanding the tax treatment of reimbursements under this Program and for claiming the applicable income exclusion by filing Form 8839 with your federal income taxes. (Form 8839 and Instructions are available from the IRS and on the IRS website at [www.irs.gov](http://www.irs.gov).)

If you do not satisfy the conditions of Internal Revenue Code § 137, all or part of the reimbursements under this Program may be considered taxable income when you file your federal income tax return—for example, if your adjusted gross income (as defined in the Instructions to Form 8839) exceeds IRS limits.

It is important for you to understand that although the University is required to withhold applicable federal employment taxes from reimbursements (e.g., for Social Security, Medicare, and federal unemployment tax) and to report the total amount of reimbursements to the IRS on your Form W-2, reimbursements under this Program are not subject to and are made free of federal income tax withholding. If you must include any of the reimbursements in your income, your withholding may not be enough to cover the tax on these payments. Therefore, you may need to adjust your withholding by filing a new Form W-4 with the University. (For general information on Form W-4, see Publication 919, available from the IRS and on the IRS website at [www.irs.gov](http://www.irs.gov).)

State taxes may also apply to reimbursements under this Program.

In addition to the income exclusion discussed above, you may also be entitled to a federal income tax credit for adoption expenses other than those reimbursed under this Program or elsewhere. You are responsible for coordinating the income exclusion and tax credit and for determining which one will produce the greatest financial and tax benefit for you and your family. For additional information about the income exclusion and tax credit, please refer to the Instructions to Form 8839, available from the IRS and on the IRS website at [www.irs.gov](http://www.irs.gov).