

# The William and Flora Hewlett Foundation

## Adoption Assistance Program

### **PURPOSE**

At The William and Flora Hewlett Foundation, we pride ourselves on creating a family-friendly environment where you can achieve your personal and professional goals. We recognize that our Employees form family units in many ways, including adoption. As a result, The William and Flora Hewlett Foundation maintains The William and Flora Hewlett Foundation Adoption Assistance Program (referred to as the "Program") to provide financial reimbursement of qualified adoption expenses for eligible Employees. The Program provides cash reimbursements for qualified adoption expenses, the cost of which is paid by The William and Flora Hewlett Foundation. The Program is effective for expenses incurred on or after January 1, 2019 for finalized or formally terminated thereafter. The Program has been amended and restated as of January 1, 2025.

### **ELIGIBILITY**

Benefits under the Program are available to the following Employees who have satisfied the conditions for coverage under our group medical plan.

To confirm if you are eligible, please contact your Human resources department.

Employees must be actively employed at the time any financial reimbursement is paid by The William and Flora Hewlett Foundation.

### **ADOPTIONS COVERED**

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

- In the case of a Foreign Adoption, the adoption has been finalized. A "Foreign Adoption" is defined as the adoption of a child who is not a citizen or resident of the United States or its possessions.
- In the case of the adoption of a child who is a citizen or resident of the United States, the adoption proceedings do not have to be finalized or formally terminated in order to receive reimbursement.
- The adoption was finalized (foreign adoptions) or formally terminated (domestic adoptions only) on or after January 1, 2019.
- The reimbursement request is submitted within 90 days of the plan year. The plan year is January 1<sup>st</sup> through December 31<sup>st</sup>.
- Expenses must be incurred during the plan year in which the claims are made in order to be eligible. For example, expenses incurred in 2018 cannot be reimbursed from the 2019 plan year.
- The expenses meet the definition of "Qualified Adoption Expenses" (as described below).
- The child meets the definition of "Eligible Child" (as described below).

### **DEFINITION OF QUALIFIED ADOPTION EXPENSES**

The Program provides reimbursement only for "Qualified Adoption Expenses" that are submitted in accordance with the process described under "Process for Reimbursement" below. Qualified Adoption Expenses are reasonable and necessary expenses which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child of the employee. Qualified Adoption Expenses may include:

- Application fees
- Home studies

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- Agency and placement fees
- Legal fees and court costs
- Immigration, immunization and translation fees
- Transportation, meals and lodging
- Parent, child and family adoption counseling associated with placement or initial adjustment

Qualifying Adoption Expenses do not include expenses:

- That violate state or federal law
- For carrying out any surrogate parenting arrangement
- For the adoption of an Employee spouse or domestic partner's child
- Paid using funds received from any Federal, State, or local program
- Taken as a credit or deduction under any other Federal income tax rule.

### **DEFINITION OF ELIGIBLE CHILD**

In general, the term Eligible Child means any child (a) (i) who has not attained age 18, or (ii) who is physically or mentally incapable of self-care and (b) who is not the child of an eligible Employee's spouse or domestic partner.

### **PROCESS FOR REIMBURSEMENT**

Eligible Employees may apply for reimbursement of Qualified Adoption Expenses. Only Qualified Adoption Expenses incurred on or after January 1, 2019 are eligible for reimbursement under the Program. To obtain reimbursement under the Program, an eligible Employee must submit all of the following:

- Documentation of all fees, costs and other expenses incurred in connection with the adoption of an Eligible Child. An eligible Employee must provide receipts, canceled checks, credit card statements, and/or paid stamped invoices confirming payment.
- For a Foreign Adoption: (a) 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 (b) evidence that the child has been issued the appropriate visa from the State Department of the United States.
- Reimbursement requests must be submitted within ninety (90) days of the last day of the plan year.

### **AMOUNT OF REIMBURSEMENT**

The maximum amount that may be reimbursed under the Program for Qualified Adoption Expenses incurred for the adoption of an eligible Child is \$20,000 on or after January 1, 2024. This maximum is a lifetime maximum rather than an annual amount, even if the Qualified Adoption Expenses are incurred over a period of years.

### **TAX IMPLICATIONS**

The Federal tax laws addressing The William and Flora Hewlett Foundation-provided adoption assistance programs are governed by Section 137 of the Internal Revenue Code of 1986, as amended, (the "Code") and the regulations thereunder. These benefits may be exempt from Federal income taxes. However, this Federal income tax exemption may not be available (or may be less than expected) for Employees with personal or joint gross income levels above certain dollar amounts. In addition, Federal law provides a tax credit for Qualified Adoption Expenses that are not reimbursed by an The William and Flora Hewlett Foundation or paid under a state or Federal grant program. Individuals choose whether expenses should

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be applied to the tax credit or submitted for reimbursement under this Program for the same expenses. For some taxpayers, the credit might produce a lower overall tax liability.

The credit and reimbursement are each subject to an income limitation and a dollar limitation. The income limit on the adoption credit or exclusion is based on your modified adjusted gross income (MAGI). The amount you may exclude from income is reduced for individuals whose modified adjusted gross income falls above a specified amount (\$259,190 for 2025) and becomes completely unavailable for individuals whose modified adjusted gross income exceeds a specified amount (\$299,190 for 2025). The William and Flora Hewlett Foundation does not provide tax advice. Employees should consult a personal tax advisor for information regarding their individual circumstances.

Reimbursements under the Program are designed to be excludable from gross income under the Code. However, these amounts are not exempt from Social Security and Medicare taxes (collectively referred to as "FICA"), state or local taxes. The William and Flora Hewlett Foundation will withhold and report any applicable Federal, state and local taxes, as required by law, from any payments made under the Program. For amounts reimbursed under the Program, FICA taxes will be deducted from the payments.

### **NON-DISCRIMINATION**

The Program is intended not to discriminate in favor of certain highly compensated employees as defined in Section 414(q) of the Code and their spouses or dependents who are also employees and is intended to satisfy the nondiscrimination rules under Section 137 of the Code. The William and Flora Hewlett Foundation shall have full discretion to select and exclude from eligibility and/or coverage under the Program such Employees as shall be necessary so that, in the judgment of The William and Flora Hewlett Foundation, the Program satisfies the applicable nondiscrimination rules.

### **MISCELLANEOUS**

The Program is funded solely by The William and Flora Hewlett Foundation.

Employment rights of an employee shall not be deemed enlarged or diminished by reason of establishment of the Program, nor shall establishment of the Program confer upon any employee any right to be retained in the service of, or promoted by The William and Flora Hewlett Foundation.

The William and Flora Hewlett Foundation reserves the right to amend the Program at any time for any purpose. The William and Flora Hewlett Foundation further reserves the right to terminate the Program at any time in whole or in part for any reason.

This Program is duly adopted by The William and Flora Hewlett Foundation, effective January 1, 2019.

The William and Flora Hewlett Foundation.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_