

CATEGORY: Benefits of Employment
Policy Number: 2.03 Tuition Reimbursement
Policy



Date: January 2016

I. POLICY

ConvaTec offers a Tuition Reimbursement Program to all regular full-time employees to obtain, or improve job-related capabilities through participation in accredited Colleges, Universities and Organizations specializing in job and career related education and training.

II. GUIDELINES

Employee

- A.** Tuition reimbursement is available to regular full-time employees, who are continuously employed with one full year of service.
- B.** The waiting period of one full year of service will be waived for newly hired employees who received tuition reimbursement assistance from his/her employer prior to joining ConvaTec, provided the course of study meets all criteria under the ConvaTec Tuition Reimbursement Policy.
- C.** A regular Full-time employee must be in a field of study related to the employee's current job or in a field that will help prepare the employee for future assignments with ConvaTec.
- D.** Employees who are currently on a **Performance Improvement Plan** or Formal Disciplinary Action Plan may not receive reimbursement for tuition and associated fees for courses in which they are currently enrolled.
- E.** Employees who were previously on a Performance Improvement Plan or **Formal Disciplinary Action Plan** are not eligible to apply for reimbursement for a period of six months following the conclusion of the formal discipline.
- F.** Courses may not be taken during regular working hours.
- G.** Employees who have served in the military must first investigate their eligibility for government benefits before applying for tuition reimbursement. Employees receiving assistance from outside sources (e.g., veterans educational benefits, scholarships, and grant public or private) are eligible to receive reimbursement only for tuition fees not covered by these plans. However, if the outside reimbursement is less than that which would be granted under this policy, the employee is eligible for ConvaTec tuition reimbursement for the difference.

School Eligibility

- A.** Associate, Bachelor (Undergraduate), Masters Degree (Graduate) or Certification courses must be at an accredited college, university, graduate school, or institution

which has met the academic standards of an educational or professional agency approved by the U.S. Office of Education or the National Commission on Accrediting.

B. A trade or technical school must be approved by the National Association of Technical Schools.

C. A Public school offering appropriate adult education courses; and correspondence courses must be approved by the National Home Study Council or the National University Extension Association.

Course Eligibility

A. Programs (leading to professional certification), Associate, Bachelors, and graduate level academic courses including all those leading up to a doctoral degree, all must be taken as part of career development plans. These programs will provide the participating employee with the skills, knowledge, and competencies applicable to their current position.

B. Employees may not take more than 2 courses per term, quarter, trimester, or semester.

Tax Considerations

A. Under the US Tax Code Section 127, Employers can receive tax exclusion on up to \$5250 per year for education and training assistance. In addition, employees are not required to report as personal income employer-provided educational assistance for any course at the associate, undergraduate (bachelor), or graduate (masters) level. The following requirements for this Section are as follows:

- The program has a reasonable relationship to your business, or
- Is required as part of a degree program.

B. Under Section 132(d) employers can offer a tax-free working condition fringe benefit for any expense employees can deduct on their own tax returns under IRC section 162. This section includes education that maintains or improves job skills or meets requirements for the employee to remain in his or her current position. Excludable education expense as a Working Condition Benefit must be related to the employee's current job and must help maintain or improve the knowledge or skills required for the job.

To qualify as a working condition benefit, education must meet at least one of the following tests.

- The education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer.
- The education maintains or improves skills needed in the job.

However, even if the education meets one or both of the above tests, it is not qualifying education if it:

- Is needed to meet the minimum educational requirements of the employee's present trade or business, or
Ex (Going to school for an IT Degree, and need to take English to qualify for that degree, employee will not be reimbursed for English course)
- Is part of a program of study that will qualify the employee for a new trade or business.

Ex (currently you are a Paralegal, and going to school to continue for Law. You are now a Lawyer; this classifies you in a different trade.)

For the purpose of this policy, ConvaTec will continue to reimburse education expenses at any amount for all classes eligible for reimbursement under this policy. However, any amount reimbursed over \$5,250 will be considered taxable.

For purposes of this policy, reimbursement is limited to \$5,250 per calendar year.

III. ADMINISTRATION

Procedure

- A.** The supervisor is responsible for evaluating the extent to which a proposed educational program is applicable to maintaining or improving skills related to an employees present work. Consideration is given to the extent to which the proposed educational program will lead to qualifying the individual in a new trade or business.
- B.** Written approval for tuition reimbursement benefits must be received by the manager prior to the beginning of each course. Note: Approval is required by a department supervisor/manager who has been granted proper Grant of Authority (GOA) to cover the amount of the reimbursement.
- C.** In situations when the employee's supervisor denies an application, the employee may contact Human Resources to appeal and discuss further.
- D.** Prior to the beginning of each course the employee must complete the following in this order (prior to enrolling in courses):
- Tuition Reimbursement Form 2.03 (one time only)
 - PRIOR to the employee registering for the class(es), the completed form must be approved by:
 1. The employees immediate Manager.
 2. The employees one-over-Manager.
- E.** When course is completed and grade/certificate is received, the employee submits the official transcript of grades and the itemized tuition bill to Benefits, after it has been approved by the employee's manager.
- F.** The approved/completed reimbursement will be included in the employees paycheck based upon the payroll processing schedule.
- G.** In no case is approval of a degree/certificate program to be construed as an actual or implicit guarantee to the employee of a position specifically utilizing such training upon completion of the program.
- H.** Tuition Payments cannot be made using any ConvaTec Corporate card nor can they be charged as an expenditure through the T&E system. The employee is responsible for paying tuition directly to the educational institution and will only be reimbursed through payroll after successfully completing the course and submitting the required documentation.
- I.** All costs relating to any courses taken are charged to the departments training and development budget.
- J.** All reimbursement receipts and grades must be submitted to Human Resources for reimbursement at the end of the term and no later than 30 days after the course completion date. Employees will not be reimbursed for any course in which the pre-approved application, grades and proof of payment are submitted more than 30 days after completing the course. For example, if a course ends on June 30th, the employee has until July 30th to submit all of the supporting documentation.

K. Employees who are terminated or who resign from employment within one year of the payroll date that they are reimbursed, will be required to pay back 100% of reimbursed expenses.

Ex (You are reimbursed on pay date 5/20/16, you must be employed with us until 5/20/17 in order to not pay back your tuition to ConvaTec). All amounts must be repaid within 60 days of the date of termination Ex (Your last day is 9/9/16, you have to pay back your tuition by 10/9/16)

Reimbursable

A. Tuition for ,Associate Degree Programs, Bachelors Degree, Graduate School, Certification Programs and Non-Degree/Certificate Programs that meet proper eligibility status are reimbursed up to 80% percent of eligible expenses.

B. Reimbursement will not be made more than once for any specific course. For Undergraduate and Graduate Degrees, below list the reimbursable amounts based on a grade level:

- Grade "A" or "B" equals 80% reimbursement.
- Grade "C" and below will not be reimbursable.

C. Employees may be reimbursed, with approval of their manager for examination fees following the successful completion of: Professional examinations, for example (CPA and Professional Engineer) that enhance the qualifications of employees.

Non-Reimbursable

A. Reimbursement is not made to an employee who resigns from the Company or who is terminated without eligibility for severance prior to completion of a course. Employees on leave are not eligible until returning to active status.

B. An employee who withdraws from a course because of a management decision such as job transfer, new assignment, or extended work schedule will be reimbursed for that portion of tuition paid but not refunded by the educational institution.

C. Employees who are terminated due to a company-facilitated reduction in force or job elimination will not be subject to repaying the company.

D. Costs of travel, parking, late registration fees, special fees, books, and school supplies are not reimbursed.

E. The following courses are ineligible for reimbursement under this program:

- Professional workshops, seminar forums, or clinics
- Audited or similar un-graded courses, unless the institution provides a certificate of satisfactory completion
- Credits that are based on life or previous work experience, unless part of a degree program
- Exemption or competency examinations taken in lieu of classroom work, Unless part of a degree program
- Unaccredited skills, trade school courses, hobby courses
- Achievement tests and test preparation courses taken for examinations by professional accreditation organizations (e.g., CPA Review Course)

Exception

Any exception to this policy requires the approval of the Sr. Vice President of Human Resources.