
ADOPTION ASSISTANCE PROGRAM

Schaeffler recognizes that employees may build their families in different ways. To support eligible employees, Schaeffler has partnered with Progyny to provide an Adoption Assistance Program to help reimburse certain adoption-related medical and/or legal expenses. Whether you're just starting your research, ready to begin the process, or are well on your way in your adoption journey, your Adoption Assistance Program is here to help.

Eligibility:

To be eligible for the Adoption Assistance Program, employees must be enrolled in one of Schaeffler's medical plans.

Participation in the Program ends on the earlier of: (1) when enrollment in one of Schaeffler's medical plans ends, or (2) the date the eligible employee receives the maximum benefit under the program pursuant to the terms of the Program.

COBRA enrolled participants are not eligible for this Program.

How the Program Works:

You pay for the adoption-related expenses you incur throughout the adoption process, retaining receipts and other documentation. As incurred, you can request reimbursement for up to \$5,000 of eligible expenses, per adoption.

The reimbursement benefit is available for up to three (3) adoptions, with a maximum of \$15,000 in benefits in the employee's lifetime. If both adoptive parents work for Schaeffler, the maximum combined reimbursement benefit per adoption is still \$5,000.

You will also have unlimited access to a dedicated Patient Care Advocate (PCA), who will provide you with information, resources, and emotional support throughout your adoption journey.

Eligible Expenses:

Eligible reimbursements may include the following expenses, provided such expenses are incurred the later of, 1.) on or after January 1, 2023, or 2.) the eligible employee's medical plan effective date and are submitted within twelve (12) months of incurring such expense:¹

- Adoption agency (public, private, and foreign) and placement fees
- Application fees
- Consultant/specialist fees
- Home Studies, immigration, immunization, and translation fees
- Legal fees and court costs
- Medical assessment of adopted child(ren)
- Parent, child, and family adoption counseling

¹ Expenses incurred in pursuit of an adoption that does not result in the successful placement of an adopted child are eligible for reimbursement under this Adoption Assistance Program.

- Temporary foster care expenses (during the adoption process)
- Reasonable and necessary transportation, meals and lodging for the adoptive parents and/or adopted child(ren)
- and Visa and passport fees for adopted child(ren).

Ineligible Expenses:

The following expenses are not eligible for reimbursement:

- Adoptions that aren't legally recognized
- Any expenses that violate state or federal law
- Costs for personal items and clothing for the parents or child(ren)
- Costs paid using funds received from any federal, state, or local program
- Expenses allowed as a credit or deduction under any other federal income tax rule
- Expenses already paid for or reimbursed by another employer, benefit, program, or party
- Expenses for adopting an individual aged 18 or older, unless they are physically or mentally incapable of self-care
- Expenses incurred prior to eligibility under the Program
- Expenses not paid in US dollars
- Medical examination fees for the adopting parents
- and Voluntary donations or contributions.

To Apply for Reimbursement:

1. When you're ready to get started, contact your Progyny Patient Care Advocate (PCA) at 866.606.5638 who will help facilitate reimbursement.
2. Your PCA will review the policy with you, noting eligible expenses may be submitted for reimbursement as expenses are incurred until your \$5,000 limit has been reached.
3. Submit your expense(s) for reimbursement with corresponding receipts and documentation, using the Progyny Attestation Form.
4. Progyny will issue you a check for your reimbursable expenses that will be delivered via USPS.

Possible Tax Implications:

It is intended that this Policy meets the criteria and conditions set forth in Section 137 of the Internal Revenue Code pertaining to adoption assistance programs. Generally, the adoption assistance benefit under this Program to adopt an unrelated child is exempt from federal income tax while the assistance benefit for the adoption of a stepchild or a child through surrogacy is taxable.

Schaeffler will not withhold federal income taxes from reimbursements regardless of your earnings or the child's relation. However, reimbursement amounts will be reported on the Form W-2 as required by Federal Law. NOTE: Tax laws and regulations are subject to change and should be verified in your consideration to seek assistance under this Program.

Depending upon your financial circumstances, the federal adoption tax credit may be more beneficial than the assistance offered under this Program. Eligible employees are strongly encouraged to consult with an accountant, attorney, or other financial advisor to determine which option is more beneficial for you before applying for the assistance offered under this Program.

Attestation:

By submitting a request for reimbursement under this Program, you certify that the expenses included are eligible adoption expenses and that you are responsible for payment of these expenses. You understand that it is your responsibility to verify with the Internal Revenue Service (IRS) or tax consultant the tax implications of receiving this money. Furthermore, you assume all tax liability, if any, for this reimbursement.