

ADOPTION ASSISTANCE PROGRAM

Overview

Arcwood Environmental is providing an Adoption Assistance Program (“Adoption Program”) to assist and support new parents who are adopting a child. The Adoption Program provides financial reimbursement to employees for Eligible Adoption Expenses as defined below.

Eligibility

All active, full-time regular employees working thirty (30) or more hours per week with 90 days of service are eligible. An Eligible Child or Children for adoption is any child who: (1) has not attained the age of eighteen (18) before the adoption is finalized or is physically or mentally incapable of self-care even if over the age of eighteen (18) after the adoption is finalized; and (2) is not the child of the employee’s spouse or domestic partner. Adoption of a stepchild or relative is not an Eligible Child for purposes of the Adoption Program.

Eligible Adoption Expenses

A “qualifying adoption expense” means any reasonable and necessary expense described below that is incurred by the employee in order for the employee to legally adopt an Eligible Child.

Eligible Adoption Expenses include:

- Licensed adoption agency fees (including fees for placement and parental counseling).
- Attorney and court costs related to the adoption.
- Medical expenses for the birth mother (if adopting a newborn).
- State-required pre-placement home study and post-placement supervision program expenses.
- Charges for temporary foster care before placement. The foster care must be provided by a licensed foster care agency and will be limited to 30 days of care.
- Charges for transportation for the adoptive parents and adopted child to obtain physical custody of the adopted child.
- Immigration costs.
- Any other expenses directly related to, and the principal purpose of which is, the legal adoption of an Eligible Child by an employee as determined within the sole discretion of the company.

Eligible Adoption Expenses do **not** include:

- Legal guardianship expenses.
- Personal property expenses incurred in preparation for the adoption including without



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limitation clothing, furnishings and car safety seats.

- Any other expenses not specifically identified as Eligible Adoption Expenses.

Eligible Adoption Expenses Limitations

- Eligible Adoption Expenses must meet the guidelines of Qualified Adoption Expenses as stipulated by the Internal Revenue Code Section 23 (d) and must be incurred when the employee is eligible to participate in the Adoption Program.
- Expenses cannot be incurred in violation of State or Federal law or carrying out any surrogate parenting arrangement.
- Expenses submitted for reimbursement may not be used for Federal tax credits.

Benefit

The Adoption Program offers a one-time reimbursement to employees of up to \$10,000 (lifetime maximum) for Eligible Adoption Expenses. Eligible Adoption Expenses incurred can be submitted for reimbursement after you have been approved to participate in the Adoption Program (see Application Process) and after the adoption of the Eligible Child is final. Reimbursement claims must be submitted within ninety (90) days of the date the adoption is final, and you must be a current Arcwood Environmental employee. If both you and your spouse/partner are Arcwood employees and are eligible for the Adoption Program, the maximum benefit allowed is \$10,000.

Tax Information

- The Adoption Program has been designed to take advantage of federal income tax provisions. Certain tax benefits may be available, depending on your modified adjusted gross income (MAGI). Employees with adjusted gross income of less than a given amount generally can exclude the reimbursement from their income. Employees with adjusted income in excess of the given amount may or may not be able to exclude this item.
- Reimbursements under the program will be reported on your W-2 form.
- FICA and FUTA taxes will be withheld consistent with Federal and state regulation.
- Federal and state income tax will not be withheld.
- You are responsible for accurately reporting Adoption Program reimbursements to Federal, state and local authorities. You should contact a tax accountant or attorney for advice.



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Application Process

To receive a reimbursement through the Adoption Program, employees must complete and sign an Adoption Assistance Reimbursement Form. The Adoption Assistance Reimbursement Form must be submitted with all necessary documentation (bills, receipts, canceled checks, written statements, final decree of adoption, etc.). All requests for reimbursement, including completed forms and documentation should be directed to HR Services.