

**BALDWIN WALLACE UNIVERSITY
EMPLOYEE HANDBOOK**

Educational Benefits (Tuition Remission, Tuition Exchange Programs, Independent 529 Plan)

Policy Number: II-r

Scope: Faculty, Administrative Staff and Support Staff

Policy Statement

BW provides eligible full and part-time faculty, administrative staff and support staff, as well as their eligible family members, with the opportunity to take classes at Baldwin Wallace University. Grandfathered Domestic partners and their dependent children are also eligible to apply for these benefits. Since eligibility criteria vary based on an employee's status, it is important to review each program's eligibility requirements carefully.

Application Procedures

Employees who wish to request the tuition benefit for themselves or for an eligible member of their family unit must annually complete an Employee Tuition Remission for that is available on HR's website. Completed applications are reviewed by Human Resources to determine eligibility and information is forwarded to the Office of Financial Aid. The Office of Financial Aid will apply the appropriate benefit and notify the Bursar's Office to make the necessary adjustment to the tuition bill. When requesting educational benefits for dependent children, employees should also contact the Office of Financial Aid to determine if they would benefit by applying for institutional, state, and federal financial aid.

Changes in Employment Status

Full-time employees only need to apply once at the beginning of each academic year for each family member who will be taking classes. However, if an employee's status changes from full-time to part-time, the employee must reapply each semester for benefits to determine eligibility of benefits based on part-time status.

Employees are also required to notify Human Resources of any life status changes such as a divorce, separation, marriage, loss of dependent status by a child who has married, is no longer being claimed as IRS dependent, etc., that may impact benefits. If an employee fails to notify Human Resources, the employee will be responsible for payment of any benefits they were ineligible to receive for themselves or for a member of their family unit.

Tax Implications

In accepting any tuition benefit, employees must understand and accept the responsibility and liability for any taxes that may be assessed by the Internal Revenue Service. Currently, undergraduate benefits have no tax implications however, the value of the tuition remission benefits for some graduate classes are considered taxable compensation. Undergraduate and graduate benefits are considered taxable income for Grandfathered domestic partners and their dependent children.

Termination of Benefits

All categories of educational benefits (Tuition Remission and Tuition Exchange) expire at the conclusion of the term during which the faculty or staff member separates from employment, unless termination is due to retirement or death. If an employee is terminated for cause, benefits for the employee will cease upon termination of his or her employment. Benefits also cease for dependent children when they turn 26 years of age. If a child is in the middle of a semester when they turn 26, they may continue to receive the benefit through the end of that semester or minimester.

Student Employees, Interns, and Volunteers

Student employees, whether on work study or otherwise employed, interns and volunteers, do not earn tuition benefits.

Tuition Remission Benefits for Full-time Faculty, Administrative and Support Staff

After being admitted by the Admission Office, a full-time employee may enroll in any graduate or undergraduate course offered by Baldwin-Wallace at the first available registration period after completing any applicable probationary period. Such enrollment must not interfere with regular duties. B-W employees may only attend classes on a part-time basis. The University will waive 92% of the tuition for employees taking both graduate and undergraduate courses and the employee is responsible for paying 8%. The tuition remission benefits apply to basic tuition only and do not apply to books, supplies, lab fees, etc. Normally, classes are to be taken outside of regular working hours, although staff can request to flex their lunch hour to take a class with the permission of their supervisor. In addition, taking a class must not interfere with the enrollment of a regular student who has priority over employees. Tuition benefits may not be applied to special programs like the accelerated degree program or any other restricted programs.

Under the University's Section 127 Educational Plan, employees who take graduate courses are not taxed on the first \$5,250 in tuition benefits received in a calendar year.

Post Graduate Tuition Assistance

The University will pay 50% of the tuition involved in all graduate work being undertaken by full-time administrative staff leading to an approved degree beyond the master's degree up to a maximum of \$1,000 per program.

Tuition Remission Benefits for Spouse of Full-time Employee

After being admitted as a regular student, a spouse or grandfathered domestic partner of a full-time employee may enroll in undergraduate or graduate courses as a full-time or part-time student. The University will waive 92% of the tuition and the employee is responsible for paying 8%. The tuition remission benefit applies to tuition only and does not apply to books, supplies, or lab fees. Tuition benefits may not be applied to special programs like the accelerated degree program or any other restricted programs.

Spouses/grandfathered domestic partners are required to apply for any tuition assistance they may be eligible to receive from their employers. These benefits are currently considered taxable income by the IRS and employees will have additional taxes withheld during the term class is taken and therefore must be actively working. This also includes Undergraduate classes for a grandfathered domestic partner.

Tuition Remission Benefits for Dependent Children of Full-time Employees

The dependent child of a full-time employee is eligible to receive 100% tuition remission benefit for a period necessary to complete one baccalaureate degree through age 25. The tuition remission benefits apply only to undergraduate classes and the dependent is responsible for room and board charges. Any aid the student may receive from state and federal grants/scholarships and any BW scholarships, grants or awards will be applied to the 100% benefit. Students are also required to pay the initial deposit fee required by the Admission Department.

The total of the tuition remission benefit, other University aid and external governmental funds (excluding loans) may not exceed 100% of BW's tuition. Monies received from non-governmental sources external to BW (e.g. Rotary, Lion's, Kiwanis, etc.) may be applied to room and board costs in University owned and sponsored facilities. The dependent is responsible for paying all other fees such as, but not limited to: (private instructor lessons, laboratory fees, Professional Term Fees, art supplies fees, credit hour overloads, exchange application fees, books, etc.), and other charges assessed as a student. A dependent child must apply and be admitted for admission before any decision on eligibility for tuition remission will be made.

The dependent must be the biological, legally adopted or legal stepchild of the employee or his/her spouse. The child must be a dependent (as defined by the Internal Revenue Service and federal financial aid regulations) and must remain in good academic standing. The dependent child must remain an IRS/financial aid dependent to maintain eligibility. Tuition benefits may be paid up until a dependent child reaches the age of 26, assuming the child is still IRS/financial aid dependent. The academic year for all benefits begins with the fall term. Children who have an earned baccalaureate are not eligible for the tuition remission program. The tuition remission benefit for dependent children only applies to undergraduate classes at BW.

Changes in Enrollment

A change in enrollment status during a term may result in a change in tuition remission benefits (adding/dropping classes). Costs associated with changes will be handled in accordance with the University's refund policy and payment policies.

Tuition Benefits for Part-time Faculty and Staff

Part-time employees shall receive during any current academic year a pro-rated benefit earned after completing six months of service through December 31st of the previous calendar year based on the number of credit hours taught or the number of hours worked through the end of the previous calendar year. The proration shall be one credit hour of tuition benefit for each credit taught or a calculated number of benefit hours based on the number of hours worked through the end of the previous calendar year divided by 2080 and multiplied by 30. Calculated hours for part time employees are only banked up to last two previous years. Part-time employees using graduate tuition benefits for themselves or for a spouse must be receiving pay from the university during the time the benefit is used, as these benefits may be taxable.

Tuition Exchange Program for Dependent Children

There are two Tuition Exchange Programs (TEP) that provide undergraduate scholarship support of dependents of full-time BW employees: The more traditional, Tuition Exchange program (www.tuitionexchange.org) and the Council of Independent Colleges (CIC) program (www.cic.org). Employee eligibility is as follows:

For both programs, the BW employee must be full-time, regardless of classification, and have met any probationary period requirements noted by Human Resources regarding their gaining full eligibility of being a BW employee.

In order to receive a TE scholarship, the dependent child must be officially admitted by the gaining institution and be formally accepted into the Tuition Exchange Program by that school. There is no guarantee that either will occur, but recent analysis indicates that each year, over half of the eligible, new applying employees have a dependent enrolled and receiving a TE scholarship at a participating institution.

Traditional Tuition Exchange Program (TEP)

For the traditional TEP program, the University must maintain a “good standing” status from TEP in order to export students to other institutions. While the University will attempt to manage the TEP so that any eligible child who wants to apply for Tuition Exchange can do so, the University cannot guarantee participation because it has no control over the number of students who wish to attend BW from other institutions. Therefore, there may be years when no or limited numbers of dependents will be certified by BW to participate in the Tuition Exchange Program. In such cases, if more dependents apply for TEP than the University can export, seniority among all eligible employees will be used to determine which dependent children will be certified for participation. This method of selection was last applied in 2003 and since that time, BW has been able to ensure that all qualifying BW employees have been able to have an opportunity to participate in TEP. Although again, eligibility to participate does not guarantee receipt of a TE scholarship from either program, the traditional TEP or the CIC Program.

The dependent (as defined by the Internal Revenue Service and federal financial aid regulations) of full-time faculty and of eligible administrative staff members are eligible to apply for a TE scholarship through TEP. The TE program has more than 650 participating institutions in the nation. An eligible employee may apply to as many TEP schools as they wish. The record is 24 Authorizations that were issued for one employee, who then decided to attend BW under Tuition remission instead. Normally, an applicant has a list of schools of between three and eight.

Subject to the availability of openings at the importing institution, a TE scholarship may be awarded to the dependent covering up to full tuition or up to the allowable maximum TEP amount of scholarship for that award year. In 2020-21, this maximum scholarship award amount was \$38,000 and in 2021-22 the maximum scholarship award will be \$39,000. The tuition charge above this amount, any fees, and room and board charges are the responsibility of the parent. The TEP scholarship is for an undergraduate degree only. The award normally is for a maximum of up to eight semesters of full-time study for each child. More than one family dependent can receive a TE scholarship at the same time.

The child must be the biological, adopted or legal stepchild of the employee. The child must be and remain a dependent as defined by the Internal Revenue Service, must be enrolled in a regionally accredited college, must attend college full-time as defined by the college selected, and must remain in good academic standing. Renewals of the TE scholarship is made by the host institution. BW reports to the host institution on the TE eligibility of the employee. Children who have an earned baccalaureate from another institution are not eligible for the TEP program. Benefits cease when the dependent child turns the age of 26.

A dependent interested in TEP should begin the application process approximately 12 months prior to the start of the freshman year in college. Information is available through BW's Liaison of TEP, currently the Director of Financial Aid (wmcginle@bw.edu) to learn more about the process for participating in TEP. Individual consulting sessions are available year- round with BW's TEP liaison.

Employees with a dependent starting college in the upcoming academic year, should provide BW's TEP Liaison with required Authorization information by the end of October, so that Authorizations can be sent on the employee's behalf, to prospective schools of interest of the dependent. This information includes child's name, address, home phone, child's e-mail address, child's birth date, and child's last four numbers of SS number, along with the list of interested schools. Acceptance into TEP is not guaranteed and it is up to the gaining institution to determine if a child is accepted for admission at their school and then whether a TE scholarship can also be extended. Recertification of a TE scholarship is routine and handled by the TEP liaison. Changes in the dependent's plans of enrollment should be shared with BW's TEP liaison.

Council of Independent College's (CIC) TE Program

Much of the general information that is covered in the above section also applies for CIC eligible BW employees with the following exceptions. The CIC TEP is open to all full-time BW employees who have satisfactorily met any probationary criteria that the institution has imposed on employment. Unlike the traditional TEP, the CIC program is not tied to an accounting of available import/export credits. Therefore, if eligible to participate in TEP, then a CIC TE scholarship can be sought for a dependent.

The CIC Program offers TE scholarships at over 425 member schools. The CIC TE scholarship covers 100% of tuition and does not have a maximum annual cap as there is on the amount of the TEP scholarship. This is because participating CIC schools all have tuition amounts that are more closely comparable to each other. About a third of the schools participating in CIC TE also participate in the more traditional TEP. The much more tuition expensive schools are not members of CIC and is the reason for the annual cap on the TEP TE scholarship.

For the employee receiving a TE scholarship through either of the two TE programs, the tuition benefit is the same. There is no advantage in being offered a TE scholarship from one of the two different TE programs, compared to the other TE program. The import school will choose which TE Authorization to accept based on their own analysis of need for gaining traditional TEP "credits" or in being able to extend a CIC TE scholarship approval. For the recipient of a TE scholarship, the source of program doesn't matter, as the benefit is the same. BW's TE liaison issues TE Authorizations to both the traditional TEP member schools as well as CIC Authorization, wherever applicable. BW has been a CIC TEP member since 2009 and has annual participants every year, both as imports as well as exports.

TEP Decision

Schools will make selections of TE scholarships between late October and mid-Spring based on their own needs of when to finalize their review of qualified prospective students. While a dependent need not be accepted at a participating school for a TE Authorization to be sent to a school by BW, the student does need to be formally accepted by an importing school before they will offer a TE scholarship. So, dependent students must apply and be accepted at a TE school before a TE scholarship may be extended. These TE scholarships are competitive as other dependents from other employee schools are also submitting their Authorizations for review. The number of slots available at each school is contingent on their own enrollment status: the number of graduating students with TEP scholarships, the number of currently enrolled TEP students, the internal employee demographics of the importing school for the need for more TEP “import” credits, etc. Therefore, it is encouraged that dependents treat each TE school seriously in meeting application deadlines and in visitations to such schools. Again, in recent years, at least half of all BW employees interested in TEP for the upcoming academic year who have formally applied for a TEP scholarship, have ended up receiving a TE scholarship and are enrolled at a TEP member school.

Overseas Study and TEP

Generally, because TE scholarships are internal to the institution benefits, there is no monetary exchange of funds between schools. Schools absorb the increase in their enrollments without having tuition revenue to offset any actual costs for having an enrolled TE student. Because there is no exchange of funds, for TE students who subsequently choose to participate in an overseas study program while enrolled at a TE school the actual costs of that program charge are not covered by the TE scholarship. This is because participation in overseas programs do have a direct cost to the institution whereas a TE scholarship does not. Therefore, at most institutions participating in TE, such semesters studying abroad are not covered by a TE scholarship. At such schools, normal financial aid eligibility may become applicable for interested dependents and their parents. For more information talk with BW’s TE liaison or a liaison at a participating TE school.

Administration and Costs

Financial Aid is responsible for the day-to-day administration of the two Tuition Exchange Programs. Interested employees in Tuition exchange can contact the TE Liaison (wmcginle@bw.edu).

The Officers have approved the option that dependent on the overall administrative program costs of the TEP, that those eligible BW employees who are successful in receiving a TE scholarship. Such employees may be charged \$200 per year, as a non-refundable fee. The assessment of this fee is to help negate the program annual membership costs for the institution in being a member of the two TE Programs. There is an annual membership fee to participate along with a participation fee for each employee’s dependent who is successfully placed in another participating schools’ TE Program. This fee charge of \$200 would be assessed by the Bursar against the employee’s account with BW.

Termination of Benefits

If a BW employee is formally separated from the institution, for reasons other than retirement or death, TEP and/or CIC TE eligibility will cease at the end of the academic semester/quarter during which the separation formally occurred with BW. Retiree and posthumous benefits will be continued in accordance with those provisions of the University’s tuition policies.

Off-Campus Study of Dependents

These tuition benefits are not available for non-credit special programs offered by the University such as private music lessons and seminars on training and development. In some cases, students may use the dependent tuition remission benefit to participate in external for-credit programs offered by B-W such as the Exploration series if it is a BW faculty-led trip. In explorations trips, students using B-W's tuition remission benefits are to use their own resources to cover all additional costs of the trip in excess of the tuition benefit.

Posthumous Benefits

The spouse and eligible dependent children of a deceased faculty, administrative or support staff employee shall participate fully in either of the educational benefits programs, at the benefit level the employee had earned at the time of his or her death.

Retiree Educational Benefits

Full-time faculty and staff who are at least 55 years of age, and who retire from Baldwin-Wallace with at least 5 years of full-time service at BW, are eligible for educational benefits under the same terms as if they were regularly employed. The spouse and dependent children of a retired staff employee are also eligible for educational benefits. If a retired employee dies before their spouse dies, the spouse will continue to receive tuition benefits until his/her death. Surviving dependent children of a deceased retiree will continue to be eligible in accordance with the eligibility guidelines set forth in of this policy. If the spouse of a deceased retiree remarries, the new spouse and any children resulting from the new marriage are not eligible for the benefit. If a retiree marries after retirement, their spouse and children are not eligible for retiree benefits. Retirement is defined as separation from the University which is accompanied by the payment of retiree benefits from TIAA.

Change in Status

Part-time employees and eligible members of their family unit (excluding temporary staff) transferring to full-time status will have part-time pro-rated and converted to full-time equivalent for establishing date of hire and eligibility for benefits, effective the beginning of the next term. Full-time employees and eligible members of their family unit who transfer to part-time status will have full-time service pro-rated to part-time equivalent (half-time) to establish date of hire and eligibility for benefits, effective the beginning of the next term.

Updated 11/20

Independent 529 Plan

BW is a member of the Tuition Plan Consortium's Independent 529 Plan, allowing parents to lock in tuition rates at less than present rates for their children's future use. In addition to parents, grandparents, uncles, aunts and even friends can open an account.

Independent 529 Plan was launched in 2003 in a cooperative effort by a national group of 250 private University's and universities to help families manage the rising cost of higher education. Under the program, individuals can purchase tuition certificates for future redemption at any of the participating private University's and universities, now including Baldwin-Wallace.

A 529 Plan is a tax-advantaged way to save for University. "529" refers to the section number in the IRS regulations that describes such plans. There are two types of plans, savings and prepaid. Independent 529 Plan is a prepaid plan.

You can sign up on the web at www.independent529plan.org or download an application from the same site and mail it in. You can also phone a toll-free number, 888-718-7878, and request an enrollment kit to be mailed to you. Employees, alumni and friends of the University are all eligible to participate.