



Summary of Plan Provisions

IU TUITION BENEFIT PLAN

Full-time Academic and Staff Employees

January 2017

Material in this booklet is intended for informational purposes only and is not intended to serve as a legal representation of these benefits. Although the booklet is intended to be accurate, if there is any difference between this summary and other legal documents and regulations, those documents and regulations will govern.

This booklet should be read in its entirety since many of the provisions are interrelated.

While Indiana University intends to continue this plan indefinitely, it reserves the right to change or terminate it at any time.

For more information visit:
hr.iu.edu/benefits/tuition.html

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Plan Highlights

| Plan Type | Eligibility | Enrollment |
|---|---|--|
| <p>The plan is established under Section 117 and 127 of the Internal Revenue Code. Eligible individuals are provided a subsidy toward the tuition costs associated with attending Indiana University classes, or in the case of IUHS, a waiver of high school course tuition.</p> <p>The IU Tuition Benefit is completely funded by Indiana University.</p> | <p>The following categories of individuals associated with Indiana University are eligible for the IU Tuition Benefit:</p> <ul style="list-style-type: none"> • Full-time* Academic and Staff appointed by the end of the first week of the semester or session. • Full-time* Academic and Staff employees on approved leave of absence, other than a leave without pay prior to active employment. • Former employees with IU Retiree Status. • Disabled former full-time* Academic and Staff employees who are receiving long-term disability benefits from a university-sponsored plan, Social Security, or PERF. <p>* Full-time is 75% FTE or greater. Employees in temporary positions or in positions less than full time are not eligible for plan membership.</p> | <ul style="list-style-type: none"> • Enrollment forms for the IU Tuition Benefit are required annually. • Online and paper enrollment forms are available online at hr.iu.edu/benefits/tuition.html. • Submissions after the semester deadline cannot be accepted. Delayed submission of an enrollment form may result in the applicant paying all tuition costs and waiting for reimbursement from the Office of the Bursar. • For IUHS tuition waiver, online and paper enrollment forms are available online at hr.iu.edu/benefits/tuition.html. Late enrollments are not accepted; application must take place prior to registration for classes. |
| Employee/Retiree Coverage | Spouse/Child Coverage | Income Tax Issues |
| <p>Employee/Retiree Tuition Benefit:</p> <ul style="list-style-type: none"> • Benefit is a subsidy of covered tuition up to a dollar maximum per semester* based on the Indiana resident per-credit-hour rates at each campus, and in the case of some employees, on class standing (undergraduate, graduate, or professional). • Dollar maximums for each campus can be found at www.hr.iu.edu/benefits/tuition.html. The employee/ retiree is responsible for all tuition costs above the dollar maximum, and any excluded fees. • For IUHS: a 25% tuition waiver for high school courses. <p>*All Summer Sessions combined are considered as one semester.</p> | <p>The Tuition Benefit for the spouse of an eligible employee or deceased eligible employee:</p> <ul style="list-style-type: none"> • Benefit is a subsidy of covered tuition up to a dollar maximum per semester* based on the Indiana resident per-credit-hour rates at each campus. Dollar maximums for each campus can be found at www.hr.iu.edu/benefits/tuition.html. Covered individuals are responsible for all tuition above the dollar maximum and excluded fees. • For IUHS: 25% tuition waiver for high school courses. <p>The Tuition Benefit for the dependent child(ren) of an eligible employee:</p> <ul style="list-style-type: none"> • Subsidy of 50% of the Indiana resident undergraduate credit-hour fees up to the first bachelor's degree or the dependent accumulates 140 credit hours of IU Tuition assistance benefits, whichever comes first. • For IUHS: 25% tuition waiver for high school courses. <p>*All Summer Sessions combined are considered as one semester.</p> | <p>Tuition Benefits are not taxed for:</p> <ul style="list-style-type: none"> • undergraduate or high school courses • graduate level courses up to the IRS maximum of \$5,250/year. <p>Tuition Benefits are taxed for Graduate level course taken by:</p> <ul style="list-style-type: none"> • a spouse, • an employee when over the IRS maximum of \$5,250/year. <p>Exclusions</p> <p>Covered tuition includes the per-credit-hour tuition rate charged to a student, excluding special fees, such as those for music performance studies, student teaching, laboratories, early education experience, dissertation advanced research (G901, B798, G831, or equivalent), rental of special equipment or facilities, and fees for non-credit courses. Mandatory student fees, such as student technology, activity, or athletic fees are not considered tuition and are not covered under this plan.</p> |

Plan Provisions

Summary

The IU Tuition Benefit (the “Benefit”) is established under Sections 117 and 127 of the Internal Revenue Code. Eligible individuals are provided a subsidy toward the tuition costs associated with attending Indiana University classes or a tuition waiver in the case of Indiana University High School (IUHS) courses. The plan is available to eligible employees, former employees with IU Retiree Status, and former employees receiving long-term disability benefits.

Employee and Retiree Eligibility

The following categories of individuals associated with Indiana University are eligible for the Benefit and the IUHS tuition waiver:

- Full-time* IU Academic and Staff Employees employed by the end of the first week of classes for the semester or term.
- Full-time* IU Academic and Staff Employees on an approved leave of absence, other than a leave without pay prior to active employment.
- Former employees with IU Retiree status.
- Disabled former full-time* Academic and Staff employees receiving long-term disability benefits from a University-sponsored plan, Social Security Administration, or PERF.

To be eligible, an employee or qualified former employee must have such status by the end of the first week of classes or at the time of registration for IUHS courses.

*Full-time is 75% FTE or greater. Employees in temporary positions or in positions less than full time are not eligible for plan membership.

Spouse Eligibility

A spouse means one by marriage, either opposite-sex or same-sex, legally entered into in one of the 50 states, the District of Columbia, or a U.S. territory or a foreign country.

Proof that an individual is a qualified dependent (marriage certificate) is required at the time of initial enrollment and periodically thereafter. Failure to provide proof of dependent eligibility within 30 days of the University’s written request for such proof may result in the termination of the Benefit award.

In order to be eligible for the IU Tuition Benefit, by the first day of the semester or term, the spouse must meet the definition of a spouse of an eligible employee or Retiree, or of a deceased employee or Retiree who was eligible at the time of their death.

Individuals are not eligible to receive the Benefit as both an employee and as a spouse of another employee.

Dependent Child Eligibility

A Dependent Child is defined as the biological or adopted child, stepchild, or child whose legal guardian is an eligible individual. The child must also:

- Be unmarried; and
- Be 23 years of age or under, and
- Meet the IRS Support test requirements as a Qualifying Child of the employee or spouse

In order to be eligible for the Benefit, by the first day of the semester or term, the dependent child must meet the definition of a Dependent Child of an eligible employee or Retiree, or of a deceased employee or Retiree who was eligible at the time of their death.

Proof that an individual is a qualified dependent (birth certificate, guardianship orders, as applicable) is required at the time of initial enrollment and periodically thereafter. Failure to provide proof of dependent eligibility within 30 days of the University's written request for such proof may result in the termination of the Benefit award.

Individuals are not eligible to receive the Benefit as both an employee and as a dependent of another employee or as a dependent of more than one employee. For example, when both parents of a dependent child are employed by the University, one of the parents, but not both, may enroll the child in the Benefit.

The Benefit will be discontinued at the conclusion of the semester/term in which:

- The child ceases to meet the definition of a dependent child as specified in this plan; or
- The child's parent is no longer an employee of the university for reasons other than disability, death, or termination with IU Retiree Status; or
- The child receives a bachelor's degree, or the child accumulates 140 credit hours of IU Tuition Benefit awards*, whichever comes first.

* Hours that accumulate toward the 140 hour limit include any earned hours, failed or incomplete course hours, and withdrawn courses that received a "W" after the 100% tuition refund period that have been subsidized by the Benefit. This includes hours from another campus or program, such as ACP or IUHS, that also received the tuition benefit subsidy.

IU Tuition Benefit Enrollment Provisions

In order to enroll for the Benefit, the student must have applied and been accepted as a student at Indiana University. Tuition Benefit applications cannot be processed prior to the student being an admitted student at the university. Contact the campus Admissions Office for application materials.

Application forms for the Benefit are available online, in PDF format or available in paper format and can be submitted on a semester basis or for an entire academic year at one time. A new application must be submitted for each academic year to University Human Resources at Poplars E165, 400 E. 7th Street, Bloomington, IN 47405. If attending multiple campuses, an application must be completed for each campus of attendance.

In order for the tuition of any semester/session to be covered by the Benefit, the employee or Retiree must 1) be eligible by the end of the first week of class, and 2) submit an application by the semester deadline.

Deadlines for each semester are listed below. After these deadlines no subsidy will be applied and the student will be responsible for their entire bursar bill for that semester. Applications may, however, be submitted in advance for up to a full academic year.

| Semester/Term | Deadline |
|----------------------|-----------------|
| Fall | October 30 |
| Winter | January 30 |
| Spring | March 30 |
| Summer | July 30 |

In order to avoid being billed for the full tuition amount, employees are encouraged to apply for the Benefit as soon as possible. If the application form is processed after the student has been billed for tuition, the student is responsible for paying the full tuition bill by its due date. Once the application form

is processed, the student will receive a refund through the office of the Bursar.

In order for tuition for any semester/session to be covered by the Benefit, the employee or Retiree must be eligible by the end of the first week of class.

Benefit Amount – Applicable benefit maximums for each academic semester/term are available from the University Human Resources' Web site (hr.iu.edu/benefits/tuition-ratetable.htm). All summer sessions combined are considered as one semester.

Exclusions – Covered tuition includes the per-credit-hour tuition rate charged to a student, excluding special fees, such as those for music performance studies, student teaching, laboratories, early education experience, dissertation advanced research (G901, B798, G831, or equivalent), rental of special equipment or facilities, and fees for non-credit courses. Mandatory student fees, such as student technology, activity, or athletic fees are not considered tuition and are not covered under this plan. Covered individuals are responsible for all tuition costs over the benefit maximum and excluded fees.

Dual Eligibility -- Individuals are not eligible to receive benefits as both an employee and as a dependent of another employee or as a dependent of more than one employee. For example, when both parents of a dependent child are employed by the University, one of the parents, but not both, may enroll the child in the Benefit.

Attending Multiple Campuses – Covered Individuals who attend multiple campuses will need to complete a tuition benefit application for each campus of attendance.

Dependent Children: For each campus that the dependent child is attending and has completed the tuition benefit application, they will receive the tuition benefit subsidy of 50% of the Indiana resident undergraduate rate, up to the completion of a bachelor's degree or up to a maximum of 140 credit hours of IU Tuition Benefit awards.

Employees/Retirees and Spouses: Only one IU Tuition Benefit subsidy will be applied each semester. The subsidy amount, however, can be split over multiple campuses. (Example: a student takes a course at one campus but does not use the full maximum subsidy amount, the remainder of the benefit can be applied to any course taken at another campus.)

Since the Tuition Benefit is a subsidy of covered tuition up to a benefit dollar maximum per semester, the highest maximum between the campuses attended is used as the maximum subsidy amount for that semester. (Example: Campus A has a maximum benefit of \$1,500; Campus B has a maximum benefit of \$1,200. Between the two campuses the \$1,500 maximum is the highest maximum and is the amount that can be split between the campuses.)

Award amounts may not be adjusted on the bursar accounts until after the final deadline for dropping/adding of courses. The adjustments may result in less subsidy being provided at one or more campuses. Covered individuals are responsible for all tuition costs over the benefit.

Quarter Term Schedule – The Graduate - Kelley Direct Program and the Graduate - Business of Medicine MBA Program are on a quarter term schedule. For employees and IU Retirees, the tuition benefit subsidy is equal to the annual benefit maximum (3 semesters) at the Business Graduate Rate listed in the rate section divided over four terms instead of three semesters.

Registration for courses during work hours – Employees who wish to enroll in University classes scheduled during normal work hours must obtain advance approval from the associated Department Head. See the applicable Training and Education personnel policy for provisions about covering time away from the job.

Audit Hours – For employees/IU Retirees and spouses, audit hours are eligible for the tuition benefit. The tuition benefit for the eligible dependent child is limited to credit hours only and does not apply to audit hours.

Advanced College Project (ACP) Courses

The Advance College Project (ACP) is a partnership between Indiana University and participating high schools within the states of Indiana, Ohio, and Michigan. ACP offers college credit to qualified high school seniors (and some juniors) who enroll in IU general education courses that are offered at their local high schools during the regular school day and taught by certified high school teachers who hold adjunct lecturer status with Indiana University. ACP courses are administered from the IU Bloomington campus, as well as IU East, IU Kokomo, IU Northwest, IU South Bend and IU Southeast.

The Tuition Benefit (a subsidy of 50% of the tuition) is applicable to Advanced College Project (ACP) courses. To receive the Tuition Benefit, the parent of the student must complete the IU Tuition Benefit Application, either online or by paper.

On the application, in the 'Program' field, select 'ACP or Undergraduate'. In the space provided for 'Campus of Enrollment', use the name of the IU campus through which the student will be registered: Bloomington, East, Kokomo, Northwest, South Bend, or Southeast. Use the View by Corresponding High School list on the Participating High Schools page of the Advance College Project web site (acp.iu.edu) to determine your high school's corresponding IU campus.

If the application form is processed after the student has been billed for tuition, the student is responsible for paying the full tuition bill by its due date. Once the application form is processed, the student will receive a refund through the Office of the Bursar.

Applications cannot be accepted after each semester/term deadline: October 30 for Fall, January for Winter, March 30 for Spring, July 30 for summer.

Additional information about the Advance College Project can be found on the ACP website: acp.iu.edu.

Indiana University High School (IUHS) Tuition Waiver

IUHS is a virtual high school that provides individual courses as well as a fully accredited high school diploma through distance learning. IUHS is accredited through the North Central Association and accepted for college admission by Indiana University and Big Ten schools, as well as many other universities nationally.

IUHS can be used by adults as an alternative to a GED education, by parents home schooling their children, as a supplement to regular high school programs, and by faculty or staff who wish their children to complete a domestic high school degree while overseas.

In the case of the IUHS the benefit is a waiver of a portion of high school course tuition. This provision includes a 25% waiver of tuition for high school courses.

The IUHS tuition waiver has a different application form than the regular IU courses. The form is available online or in PDF format. The IUHS application must be processed before registering for high school classes.

For more information or to apply for the IUHS Tuition Waiver go to: hr.iu.edu/benefits/IUHS_plan.html.

Benefit Taxation

IRS Section 117 regulations allow for preferential tax treatment of the IU Tuition Benefit for undergraduate-level courses. Undergraduate subsidy amounts are excluded from the employee's taxable income. IRS Section 127 (as described in the IU Section 127 Plan document) allows the preferential tax treatment of up to \$5,250 annually for employee subsidies paid toward graduate level tuition, but only for those described in the Eligible Employees and Retirees section of this booklet. Graduate level tuition subsidies for courses taken by a spouse are treated as taxable income to the associated employee or Retiree, as well as subsidies for graduate-level tuition for an employee above the \$5,250 IRS annual limit.

In accordance with IRS regulations, applicable taxes will be withheld from the employee's pay at the employee's normal rate for income and FICA taxes. The employee's pay notice will include reference to the amount of Tuition Benefit included as taxable income.

For tax purposes, it does not matter whether the employee or spouse received the graduate-level tuition subsidy, the IU Tuition Benefit is an employee/retiree benefit. Therefore, the employee or retiree is responsible for applicable taxes. Such taxes will be deducted from the employee's pay, and in the case of a retiree, the value of the graduate-level Tuition Benefit will be given as taxable gross income.

The Tuition Benefit for graduate-level courses will be added to the employee's taxable income beginning with the payroll cycle following the end of the full refund period for dropping courses. A letter reflecting the amount of additional income and the payroll periods affected will be sent from the FMS Payroll department.

Appeals

Applicants who feel they have been unjustly denied the benefits of the Benefit may present a written appeal to University Human Resources.

Benefit Enrollment and Customer Service

In order to enroll for the IU Tuition Benefit, the student must have applied and been accepted as a student at Indiana University. Tuition Benefit applications cannot be processed prior to the student being an admitted student at the university. Contact the campus Office of Admissions for application materials.

The IU Tuition Benefit is an employee benefit plan, not a fee waiver or fee remission. As such, the Tuition Benefit application must be completed and signed by the employee or Retiree.

In order to avoid being billed for tuition covered by the Tuition Benefit, the Tuition Benefit application must be received in sufficient time to be processed before tuition is billed. Enrollment for the IU Tuition Benefit can be requested after tuition is billed, but the student is responsible for paying the full tuition bill by its due date, and Tuition Benefit amounts are applied as a refund of paid tuition. However, retroactive enrollment will not be considered beyond October 1 of the year in which the academic year has ended.

Contact for the IU Tuition Benefit

Questions about eligibility can be addressed to the University Human Resources office at 812-855-1286 or enews@iu.edu.

Billing questions can be addressed to the Office of the Bursar at the campus of attendance.

Contact for the IUHS Waiver

Questions about eligibility can be addressed to the University Human Resources at 812-855-1286 or enews@iu.edu.

Questions about IUHS program information, tuition charges, billing, and this waiver provision should be directed to IUHS at 812-855-2292, iuhs@indiana.edu, or toll-free at 800-334-1011.

Plan Definitions

Audit Hour

Class attendance without the benefit of receiving academic credit for the course attended.

Bachelor's Degree

A 4-year degree conferred by an accredited college or university, sometimes called a Baccalaureate degree.

Credit Hour

Unit of academic measurement that may or may not accumulate toward the attainment of an academic degree.

Dependent Child

A child or stepchild of an eligible employee, former employee with IU Retiree Status, or deceased employee that meets the following criteria:

- age 23 or under; and
- unmarried; and
- meets the IRS support test requirements as a Qualifying Child of the employee or spouse

Eligible Employee

A person who is a full-time appointed Academic or Staff employee of Indiana University.

Eligible Retiree

A former employee who attained IU Retiree Status by way of age and length of service at the time of termination of employment.

Employer

Indiana University

Graduate-level Course

A course 500 level or above that may or may not count toward the attainment of a graduate degree.

IUHS

IUHS is a virtual high school that provides individual courses as well as a fully accredited high school diploma. IUHS is accredited through the North Central Association and accepted for college admission by Indiana University and Big Ten schools, as well as many other universities nationally.

Legal Ward

A child for whom the employee or eligible spouse has been legally appointed sole guardian for an indefinite period of time.

Section 117

The Internal Revenue Code that authorizes educational institutions to provide certain tax benefits for tuition reductions for its employees and certain associated individuals.

Section 127

The Internal Revenue Code that authorizes employers to provide certain tax benefits for employees and former employees.

Semester

Period of instruction into which the academic year is divided. All summer sessions combined are considered as one semester for purposes of this Benefit.

Spouse

A spouse means one by marriage, either opposite-sex or same-sex, legally entered into in one of the 50 states, the District of Columbia, or a U.S. territory or a foreign country.

Undergraduate Course

A course 400 level or below that may or may not count toward the attainment of an associate or bachelor's degree.



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