

Haverford College Tuition Reduction Program for the Children of Employees

(Revised and Restated June 1, 2023)

INTRODUCTION

The Haverford College Tuition Reduction Program (the “Program”) is intended to provide children of eligible faculty and staff (“Employees”) with a reduced tuition at Haverford College (“Haverford”) or at another qualifying educational institution. The Program is designed to comply with the provisions of Internal Revenue Code (“IRC”) section 117(d) and will be interpreted in order to meet the requirements of that section.

There are two components to the Program. Plan A is available only to faculty hired prior to December 31, 1996 and who are non-highly compensated employees as defined under the IRC. Plan B is available to all Employees subject to eligibility restrictions. Both Plans are described below. It is Haverford’s intention to administer the Program so that the benefits under the Plan B are not subject to income tax. Due to the design of Plan A, some Employees covered by Plan A in previous years may be subject to income tax on benefits received under the Program.

PLAN B

1. EMPLOYEE ELIGIBILITY

Employees will be eligible for this benefit if they were hired after December 31, 1996 and meet one of the following requirements (for Employees who were hired before January 1, 1997, see the section labeled **Plan A**, below):

- a. Benefits eligible Employees will be eligible for the Program after they have completed seven (7) years of full or part-time employment at Haverford. Employees hired after the first day of classes of a Haverford academic semester will become eligible for the next full semester or term seven years later (e.g., an Employee hired on October 15 will be eligible for the Program during the second semester or term of the academic year seven years later).
- b. If immediately preceding the Employee’s employment at Haverford, the Employee previously worked at an employer that maintained a tuition reduction program or tuition exchange program that qualified under IRC

section 117(d), as applicable, and the Employee was eligible for that program, the number of years the Employee was so eligible will be counted in determining the seven-year requirement at Haverford.

- c. Employees with interim, term and other temporary appointments are not eligible to participate in the Program. Employees paid by external grants are only eligible for the Program if the provisions of the grant cover the costs of the Program. However, if as a matter of policy an external grant does not permit coverage of a tuition benefit, the Employee will be eligible to participate if the Employee is otherwise eligible for the Program.

2. ELIGIBILITY OF CHILDREN

- a. The Program is available to all dependent children of an eligible Employee who meet the requirements set out in this subsection. A child includes a son or daughter, a stepson or stepdaughter, or a legally adopted child. Stepchildren will be eligible if they if they have been the Employee's dependent for at least seven years prior to the utilization of the Program. Legally adopted children must have been adopted at least seven years preceding utilization of the benefit. For purposes of the Program, a dependent child means any child for whom the Employee provides over one-half of the child's support for the seven years preceding utilization of the benefit. Stepchildren include children entering the family through marriage or by the establishment of a qualified domestic partnership. Haverford reserves the right to ask for appropriate documentation so that it may determine eligibility for this Program.
- b. The child for whom a benefit is received under the Program must be an enrolled student in an associate, bachelor's degree, or certificate program (below the graduate level) at an institution of post-secondary education that is accredited by a regional or professional accrediting agency recognized by the U.S. Secretary of Education and or a FAFSA-approved international school that participates in federal student loan programs. To confirm eligibility of a participating institution, the school(s) must be listed via the [U.S. Dept of Education Database of Accredited Postsecondary Institutions and Programs](#) or the [Federal Student Aid School Code Search](#) or the current [listing of International Schools Participating in the Federal Student Loan Programs](#).
- c. Children who are 25 or more years of age are not eligible for the Program. Children who attain age 25 during a calendar year will not be eligible for this Program in the following calendar year.

- d. Children of an Employee who Retires (for this purpose: separated from any service under the College's definition of benefits eligibility; or ineligible for College-provided benefits) from full-time employment and who 1) is age 60 or older, and 2) has twenty or more years of service at Haverford, will remain eligible to participate in the Program subject to all the limitations herein. If the retirement occurs after seven full years of service but before twenty years of service, their children will be eligible for the tuition benefit on a pro-rated basis (e.g., ten years of service equals 50% of the applicable full benefit, or 25% of tuition).
- e. Children of an Employee who dies or becomes disabled after seven full years of service will remain eligible for the Program on the following basis:
 - i. After seven full years of service but before twenty years of service, the Employee's children will be eligible to for the Program on a pro-rated basis proportional to the Employee's years of service relative to twenty years of service (e.g., if an Employee dies or becomes disabled after seven full years of service, the benefit will equal 35% of the applicable full benefit.
 - ii. If the death or disability occurs after twenty years of service, the Employee's children will be eligible for the full benefit available under the terms of the Program.

3. TUITION REDUCTION BENEFIT

Subject to the limitations described in section 4,

- a. Employees who are eligible for the Program as provided in Section 1 and whose eligible children attend Haverford will receive a reduction in tuition ("grant") equal to 50% of the then current tuition charged by Haverford.
- b. Employees who are eligible for the Program as provided in Section 1 whose eligible children attend another qualifying institution will receive a grant equal to 50% of the *lesser* of the then current tuition charged by the other institution or the then current tuition charged by Haverford.
- c. All benefits under the Program will be for the payment of tuition only. Other charges such as room, board, and other fees are not covered.

4. LIMITATIONS ON BENEFITS

- a. The tuition grant for any one child is limited to the equivalent of four full-time academic years (e.g., eight semesters or the equivalent). Each Employee is restricted to the equivalent of two children (e.g., 16 semesters) participating in the Program. More than two children may use the tuition grants, but the total of 16 semesters cannot be exceeded. Even if both parents of a child are Employees of Haverford, the total benefit available for any child may not exceed 50%. However, each eligible Employee of Haverford may receive the benefit for two children; thus two eligible Employees who have four children between them may receive the applicable tuition benefit for all four children.
- b. Employees and children must apply for any grants or scholarships available to them from other sources in order to be eligible for tuition grants. All awards to the student, and pending applications for awards, must be reported to Haverford. The combination of the Haverford grant under the Program, plus the total of all outside grants or scholarships received by the student shall not exceed 100% of Haverford's tuition or the tuition of the other institution attended, whichever is less. Such grants or scholarships include, but are not limited to, those from foundations, societies, other institutions of higher education, athletic scholarships, federal or state grants or scholarships, and staff benefits from other employers. A grant or scholarship to the student based solely on financial need in full knowledge of Haverford's tuition grant is an exception to this rule. Such need-based financial aid will not reduce Haverford's tuition grant, so long as the total of all aid does not exceed the total cost of attendance at the other school.

Example 1: Haverford's tuition is \$40,000. Tuition at the other institution attended is \$36,000. The student is eligible for an \$18,000 grant (50% of the other institution's \$36,000 tuition). The other institution offers the student a \$10,000 merit scholarship. The Haverford grant is not reduced because \$18,000 + \$10,000 does not exceed the other institution's tuition of \$36,000.

Example 2: Haverford's tuition is \$40,000. Tuition at the other institution attended is \$44,000. The student is eligible for a \$20,000 grant (50% of Haverford's \$40,000 tuition). The student receives a merit scholarship of \$24,000 from the other institution. The Haverford grant is reduced to \$16,000, such that the total of Haverford's assistance and that from the other institution does not exceed Haverford's tuition of \$40,000.

- c. Faculty, administrators and professionals who have held less than full-time positions in any of the seven fiscal years preceding utilization of the benefit will be eligible for grants pro-rated in accordance with the percentage of full-time employment budgeted over the seven-year period. For example, an Employee with a .75 FTE position for each of the preceding seven fiscal years will be eligible for 75% of the 50% benefit, or a 37.5% tuition benefit for year one. For staff Employees in less than full-time positions, the pro-rating will be based on the average number of regular hours budgeted over the preceding seven fiscal years. For example, if a staff Employee works 7,644 hours over seven years, the Employee would be a 60% FTE (7644 hours/12,740 hours if full-time equals 60% FTE). The benefit under the Program would be prorated so that the Employee would receive 60% of the 50% tuition grant.

5. PLAN ADMINISTRATION

- a. Benefits under the Program end at the earlier of 1) when the maximum benefit allowable under the Program has been received, or 2) when the Employee has terminated employment with Haverford, subject to the rules governing retirement and disability in section 2.
- b. The Program is designed as a qualified tuition reduction arrangement under IRC section 117(d) and intended to provide a benefit that is not subject to federal or state income tax. However, Haverford makes no representation, warranty or guarantee of any federal, state or local tax consequences of participation in the Program to the Employee.
- c. Haverford reserves the right to discontinue or change the Program at any time. Nothing in the Program should be interpreted as implying a contract of employment or a right to continued employment. The interpretation of the Program is within the sole discretion of Haverford.
- d. Questions of interpretation of this Program and consideration of extenuating circumstances (e.g., part-time study due to serious illness) will be addressed by the Chief Human Resources Officer and the Director of Benefits.
- e. To participate in the Program, Employees must complete a form that is available on the Human Resources Office website:
<https://www.haverford.edu/human-resources/forms>

or from the Director of Benefits Administration in Human Resources, Stokes Hall. Upon receipt of the completed form and a copy of the tuition bill, Haverford College will prepare a check for the amount of the grant.

This check will be made payable to the institution at which the child is enrolled and can be forwarded to the Employee for transmission with the tuition bill. The check must be made payable to the institution, or for attendance at Haverford, a credit will be applied to the student's account.

PLAN A

1. EMPLOYEE ELIGIBILITY

Employees will be eligible for this Program if they are a Faculty member hired prior to December 31, 1996 and are not highly compensated employees under the IRC.

2. ELIGIBILITY OF CHILDREN

- a. The Program will make college tuition grants to financially dependent children of qualified faculty members, whether natural born, legally adopted or children who have been legally dependent under IRS regulations for at least five years.
- b. If an Employee who has been employed by the College for twenty (20) years or more retire or die before their children come of age to attend college, such children will be eligible for the tuition benefit at the time the child attends college.
- c. If a faculty member dies in service after five (5) years of service but before twenty (20) years, their children will be eligible for the tuition benefit on a prorated basis proportional to the Employee's number of years of service relative to twenty (20) years of service.

3. TUITION REDUCTION BENEFIT

Grants will be made on the following basis:

- a. The child for whose benefit the grant is made must be attending or about to attend an institution of post-secondary education that is accredited by a regional or professional accrediting agency recognized by the U.S. Secretary of Education and or a FAFSA-approved international school that participates in federal student loan programs. To confirm eligibility of a participating institution, the school(s) must be listed via the [U.S. Dept of Education Database of Accredited Postsecondary](#)

[Institutions and Programs](#) or the [Federal Student Aid School Code Search](#) or the current [listing of International Schools Participating in the Federal Student Loan Programs](#). The tuition grant is limited to four full-time academic years or the equivalent (e.g., 8 semesters, 12 terms).

- b. The grant shall be made only for tuition. Other fees such as board, room and academic or social fees are not included. In no case shall such tuition grant exceed two-thirds (2/3) of the then current tuition charged by Haverford College or two-thirds (2/3) of the then current tuition charged by the other school attended, whichever is less.
- c. Employees and children must apply for any grants or scholarships open to them from other sources in order to be eligible for tuition grants. All awards to the student, and pending applications for awards, must be reported to Haverford College.
- d. The combination of the Haverford grant plus the total of all outside grants or scholarships received by either parents or student shall not exceed 100% of Haverford's tuition or the tuition of the other school attended, whichever is less. Such grants and scholarships include, but are in no way limited to, the following: grants or scholarships from foundations, societies, colleges, and universities (whether or not being the one attended by the student), athletic scholarships, federal or state grants or scholarships, or staff benefits from other employers.

Example 1: Haverford's tuition is \$18,000, tuition at the other school attended is \$16,800, and a student dependent is eligible for \$11,200 (2/3 of \$16,800). The other college offers the student a \$4,000 merit scholarship. The Haverford grant is not reduced because \$11,200 plus \$4,000 does not exceed the other school's tuition of \$16,800.

Example 2: Haverford tuition is \$18,000, tuition at the other school attended is \$19,200, and a student dependent is eligible for a \$12,000 grant (2/3 of \$18,000). The student receives a merit scholarship of \$8,000 from the other institution. The Haverford grant is reduced to \$11,200, such that the total of Haverford assistance and that from the other institution does not exceed the other institution's tuition of \$19,200.

A grant or a scholarship to the student based solely on financial need in full knowledge of Haverford's tuition grant is an exception to this rule. Such need-based financial aid will not reduce Haverford's tuition grant.

4. PLAN ADMINISTRATION

- a. Benefits under the Program end at the earlier of 1) when the maximum benefit allowable under the Program has been received, or 2) when the Employee has terminated employment with Haverford, subject to the rules governing retirement and disability of the Program.
- b. The Program is designed as a qualified tuition reduction arrangement under IRC section 117(d) and intended to provide a benefit that is not subject to federal or state income tax to non-highly compensated employees. However, Haverford makes no representation, warranty or guarantee of any federal, state or local tax consequences of participation in the Program to the Employee.
- c. Haverford reserves the right to discontinue or change the Program at any time. Nothing in the Program should be interpreted as implying a contract of employment or a right to continued employment. The interpretation of the Program is within the sole discretion of Haverford.
- d. Any grant for the benefit of the child of a Continuing appointment faculty member shall be prorated in accordance with the time such member is employed by the College.
- e. Questions of interpretation of this Program and consideration of extenuating circumstances (e.g., part-time study due to serious illness) will be addressed by the Chief Human Resources Officer and the Director of Benefits.
- f. To participate in the Program, Employees must complete a form that is available on the Human Resources Office website:
<https://www.haverford.edu/human-resources/forms> or from the, Director of Benefits Administration in Human Resources, Stokes Hall. Upon receipt of the completed form and a copy of the tuition bill, Haverford College will prepare a check for the amount of the grant. This check will be made payable to the institution at which the child is enrolled and can be forwarded to the Employee for transmission with the tuition bill. The check must be made payable to the institution, or for attendance at Haverford, a credit will be applied to the student's account.