

**UNIVERSITY OF SOUTHERN CALIFORNIA  
TUITION ASSISTANCE BENEFIT PLAN**

**Amended and Restated Effective April 15, 2025**

**UNIVERSITY OF SOUTHERN CALIFORNIA  
TUITION ASSISTANCE BENEFIT PLAN**

***INTRODUCTION***

This plan document amends and restates the University of Southern California Tuition Assistance Benefit Plan (the “TAB Plan”), effective as of April 15, 2025. This plan document supersedes all prior iterations of the TAB Plan, including any prior plan documents or policies as well as any related summaries of such prior documents.

The University provides the TAB Plan to assist Eligible Employees with educational expenses for themselves and their Eligible Dependents. To the extent possible, benefits under the TAB Plan are intended to be tax-exempt under Internal Revenue Code sections 117(d), 127 or 132(d) (as applicable). This benefit is intended to be an educational assistance program under Internal Revenue Code section 127 with respect to benefits that are excluded from taxation under such Code section.

Except as provided in the following sentence, in the event of a discrepancy between this plan document and a description of the TAB Plan, this plan document will govern. In the event of a discrepancy between this plan document and a collective bargaining agreement, the terms of the collective bargaining agreement will govern.

**ARTICLE I—DEFINITIONS**

**1.01 Age Cap.**

“Age Cap” means age 26. Notwithstanding the preceding sentence, in the case of an otherwise Eligible Child (including an Eligible Child described in Section 3.03(d)) already enrolled in a degree program on April 15, 2025, the Age Cap will remain age 35 (or age 30, in the case of a child of an employee hired or rehired on or after January 1, 2019) until the child completes the degree program.

A student who ceases to be an Eligible Child due to attainment of the Age Cap for Eligible Children will be permitted to finish the current semester/session in which the child is enrolled without proration or repayment but is not eligible for any further tuition assistance. If an Eligible Child of an Eligible Employee is on state or federal military orders when the child reaches the Age Cap for tuition assistance benefits, their eligibility period will be extended for a time equal to their military service and the child may continue to receive tuition assistance to complete their degree (subject to the terms and conditions of the TAB Plan). Copies of military service records and or orders will be required to facilitate the extension of the Eligible Child’s tuition assistance eligibility period.

**1.02 Eligible Child or Eligible Children.**

“Eligible Child” or “Eligible Children” means: (1) a biological child of an Eligible Employee; (2) a child who is legally adopted by an Eligible Employee; and (3) an eligible stepchild of an

Eligible Employee, in each case provided that the child has not attained the Age Cap. An “eligible stepchild” is the biological or adopted child of an Eligible Employee’s current Eligible Spouse or Eligible Registered Domestic Partner. Foster children and children under legal guardianship of an employee or the employee’s spouse or registered domestic partner are not Eligible Children.

1.03 **Eligible Dependent.**

“Eligible Dependent” means the Eligible Child, Eligible Spouse or Eligible Domestic Registered Partner of an Eligible Employee.

1.04 **Eligible Employee.**

“Eligible Employee” means an Eligible Faculty Member or an Eligible Staff Member. The following categories of individuals are not Eligible Employees:

- (a) part-time faculty (including adjunct faculty);
- (b) part-time staff;
- (c) fellows and other postdoctoral scholars;
- (d) teaching assistants;
- (e) research assistants;
- (f) laboratory assistants;
- (g) temporary, contingent, and resource employees; and
- (h) FICA-exempt student employees.

An individual who has ceased to be employee of the University is not eligible for benefits under the Plan unless, and only to the extent, expressly stated in the TAB Plan.

1.05 **Eligible Faculty Member.**

“Eligible Faculty Member” means a Full-time, benefits-eligible faculty member employed by the University.

1.06 **Eligible Registered Domestic Partner.**

“Eligible Registered Domestic Partner” means a domestic partner of an Eligible Employee who satisfies the University’s guidelines for eligible registered domestic partner status for purposes of the University’s group health plan benefits, including University rules with respect to acceptable official documentation. A registered domestic partner whose domestic partnership with a sponsoring employee has been terminated is not eligible to receive tuition assistance.

1.07 **Eligible Spouse.**

“Eligible Spouse” means the legally married spouse of an Eligible Employee. A spouse who is legally separated or a former spouse divorced from a sponsoring employee is not eligible to receive tuition assistance.

1.08 **Eligible Staff Employee.**

“Eligible staff employee” means a Full-time, benefits-eligible staff employee employed by the University.

1.09 **Federal Tax Dependent.**

“Federal tax dependent” means a dependent for federal income tax purposes under the Internal Revenue Code, as amended from time to time.

1.10 **Full-time.**

“Full-time” means 100% effort of an Eligible Employee’s 32, 37.5 or 40-hour work week, as established by the University.

1.11 **KCMG Eligible Employee.**

“KCMG Eligible Employee” means an Eligible Employee who is classified as an employee providing services to Keck Community Medical Group on the personnel records of the University.

1.12 **Leave of Absence.**

“Leave of Absence” means any leave exceeding 30 days, including administrative, personal, medical (including pregnancy-related), family, or work-related injury or illness leave. All leaves require Human Resources and in some cases, manager approval. Employees must inform Human Resources and Benefits Administration when returning from leave.

1.13 **TAB Plan.**

“TAB Plan” means the University of Southern California Tuition Assistance Benefit Plan.

1.14 **University.**

“University” means the University of Southern California.

## ARTICLE II—FELIGIBILITY

### 2.01 Eligibility.

An Eligible Employee may receive tuition assistance, and have their Eligible Dependent(s) receive tuition assistance, for eligible coursework taken at the University, subject to the restrictions outlined below in Article III below. If an Eligible Employee is laid off and is receiving TAB Plan benefits for eligible coursework at the time of such lay off (including benefits for an Eligible Dependent), such former employee and/or their Eligible Dependent will be permitted to continue to use TAB benefits (subject to the terms and conditions of the TAB Plan) through the last day of the academic year in which the lay-off occurred. For purposes of this Section 2.01, an employee is “laid off” if the employee is eligible for severance benefits under the University of Southern California Severance Pay Plan. Except as provided in this Section or as otherwise specifically set forth in the TAB Plan, former employees are not eligible for benefits under the TAB Plan.

### 2.02 Commencement of Eligibility, Actively-at-Work Requirements, and Required Documentation of Employee Relationship with Student.

- (a) **Commencement of Eligibility.** An individual must be an Eligible Employee on or before the first day of classes in the semester for which they wish to apply the benefit, subject to any waiting period requirement set forth in Article III. The student and, if different, the sponsoring Eligible Employee seeking tuition assistance should submit an Application for Tuition Assistance form to the Office of Benefits Administration on the University Park campus at least thirty (30) days in advance of the first day of classes and must submit such Application in no event later than the first day of classes. Tuition assistance eligibility does not guarantee the student admission to the University.
- (b) **Actively at Work Requirements.** For an Eligible Employee to receive tuition assistance, the Eligible Employee must be actively at work as determined by the University. An Eligible Employee who commences a Leave of Absence mid-semester/session is permitted to finish any coursework in which the Eligible Employee is enrolled when the Leave of Absence commences but will not be eligible for any further tuition assistance until the Eligible Employee returns to work. An Eligible Dependent of an otherwise Eligible Employee who is not actively at work remains eligible for tuition assistance under the TAB Plan.
- (c) **Required Documentation of Employee Relationship with Student.** For an Eligible Dependent to receive tuition assistance under the TAB Plan, the sponsoring Eligible Employee must provide to the Office of Benefits Administration original documentation to verify marital or registered domestic partner status or to verify that the student is an Eligible Child (as applicable). Any such documentation requiring translation must be provided along with translations of each document

and a written, notarized statement from the translator stating that they are familiar with both the foreign language and English and that the translation is accurate.

### 2.03 **Cessation of Eligibility.**

A student who receives tuition assistance is responsible for immediate payment to the University of any prorated amount of tuition assistance if a post-registration audit reveals:

- (a) a sponsoring Eligible Employee has had a change of employment status causing the individual to cease to be an Eligible Employee, including, but not limited to:
  - (1) a termination of employment (other than a lay off described in Section 2.01 or an involuntary termination of employment without cause) during the semester/session, or
  - (2) a change from Full-time status to part-time status or from a benefits-eligible position to a non-benefits-eligible position during the semester/session; or
- (b) the student has ceased to be an Eligible Dependent during the semester/session (except as otherwise provided herein); or
- (c) the student has ceased to be in academic good standing; or
- (d) tuition assistance has been applied to any ineligible tuition or fees; or
- (e) tuition assistance has been applied in violation of any section of the TAB Plan.

Failure to repay outstanding tuition debt as required under this Section will disqualify the student and, if the student is not the Eligible Employee, the Eligible Employee from receiving future tuition assistance benefits until the tuition debt is repaid in full. Any outstanding repayment obligation under this Section will continue to apply if the employee terminates employment and is subsequently rehired by the University, unless the employee is rehired within 90 days of termination of employment. For purposes of this Section 2.03, “cause” means an employee’s failure or refusal to comply with the standards, policies, or procedures of the University.

## **ARTICLE III—USE OF THE BENEFIT**

### 3.01 **General Limitations and Restrictions.**

- (a) **In General.** Tuition assistance is limited to tuition for courses taken at the University under the terms of the TAB Plan, and does not apply to any fees, including, but not limited to, late fees, finance charges, health center fees, general fees, lab fees, dissertation fees, special educational program fees, special fees for individual or small group instruction, or travel fees. Such fees or tuition not covered under the TAB Plan are the responsibility of the student. To avoid late

fees, a student must register for classes and settle their bill by the settlement deadline as established by the University and published in the Schedule of Classes.

- (b) Excluded Education. Except as provided in Section 3.02(b), the TAB Plan only covers courses that have unit-based tuition. The TAB Plan does not cover graduate certificates by employees or their Eligible Dependents.
- (c) Abusive Patterns; Add/Drop Deadline. The University reserves the right to deny subsequent tuition assistance to a student who establishes a pattern (as determined by the University in its sole discretion) of enrolling in classes and dropping the classes within the add/drop deadline. If a student drops a class after the add/drop deadline,
  - (1) if the student is an Eligible Employee, Eligible Spouse, or Eligible Registered Domestic Partner, the student is required to repay the University the full amount of the tuition assistance associated with the class, or
  - (2) if the student is an Eligible Child and the University has determined that there is a pattern of dropping classes after the drop deadline, the Eligible Employee is required to repay the University the full amount of tuition assistance associated with the class.

Failure to repay the University as required under this Section 3.01(c) will disqualify the student and, if the student is not the Eligible Employee, the Eligible Employee from receiving future tuition assistance benefits until the tuition debt is repaid in full.

- (d) Dual Eligibility. The TAB Plan is not intended to provide additional or duplicative tuition assistance to a single individual on the basis of dual eligibility, including (but not limited to) the following scenarios described in this section, and the TAB Plan will be interpreted by the University to enforce this intent.
  - (1) If an Eligible Employee is (or was) also an Eligible Child of an Eligible Employee, the individual is entitled to a maximum of only **one** undergraduate degree program, although the individual may qualify for TAB Plan benefits toward a graduate degree program if the individual otherwise satisfies the TAB Plan requirements.
  - (2) If both parents of an Eligible Child are employed by the University, the Eligible Child is entitled to a maximum of only **one** degree program, and the same limits and conditions will apply as if the University only employed one parent. If the parents are eligible for different levels of benefits, the Eligible Child will be entitled to the higher benefit level.
  - (3) If an individual is both an Eligible Child and an Eligible Spouse or Eligible Registered Domestic Partner of two different Eligible Employees,

the individual accrues no additional benefit from the dual relationships under the TAB Plan and is entitled to a maximum of only **one** degree program, with the benefit level based on the status that provides the higher level of benefits.

3.02 **Limitations and Restrictions: Eligible Employees.**

- (a) Degree Candidate. An Eligible Employee who is a degree candidate formally admitted to the University may receive up to 100% tuition assistance (50% for a KCMG Eligible Employee) for courses which meet the academic requirements of their degree program, for a maximum of six (6) units for record per semester, including both summer sessions, of which no more than four (4) units may be at the graduate level. These courses must be taken for credit, and the Eligible Employee must remain in academic good standing. Notwithstanding the first sentence of this paragraph, staff employees are only permitted to receive TAB Plan benefits for **one** undergraduate degree, and faculty members are not eligible for undergraduate tuition assistance. There is no limit on the number of graduate degrees that an Eligible Employee may obtain (subject to the terms and conditions of the TAB Plan).
- (b) Course Audits. An Eligible Employee who is not formally admitted to the University may take one course which has been defined as “work-related” by the Eligible Employee’s supervisor(s) for audit per semester, including one summer session, subject to the following restrictions:
  - (1) The Eligible Employee must obtain the written permission of both the Eligible Employee’s supervisor(s) and the department in which the course is offered;
  - (2) To qualify as work-related, a course must maintain or improve required job skills, or be required by the University or by law as a condition of continuing employment in the Eligible Employee’s current job;
  - (3) An instructor may set conditions on the extent to which the Eligible Employee may participate in class;
  - (4) No tuition funds are disbursed to the academic unit in which the student is auditing the course; and
  - (5) These courses may not be taken for grade.

Any Eligible Employee taking courses which do not meet the restrictions described in this paragraph (b), including an employee who receives a grade for a course, will be assessed tuition and fees for the course. An employee may also take work-related courses for credit with tuition funds not covered by the TAB Plan if the employee’s school or department approves and pays the tuition, as determined by the school or department in its sole discretion.



- (c) Service Requirements for Eligible Staff Employees.
- (1) Eligibility service requirement. With respect to the tuition benefit described in paragraph (a) above, an Eligible Staff Employee must be employed by the University as an Eligible Employee for at least two (2) full years on or before the first day of classes in any semester/session for which the Eligible Staff Employee is permitted to use the benefit. Rehired employees who already met the service requirement during their prior University employment will not need to meet a new waiting period. An Eligible Staff Employee will be treated as satisfying the service requirement if the second anniversary of the Eligible Staff Employee's employment date as an Eligible Employee occurs within thirty (30) days after the first day of classes.
  - (2) Post-education service requirement. With respect to the tuition benefit described in paragraph (a) above, an Eligible Staff Employee must remain employed by the University as an Eligible Employee for two full years after completion of their degree (or, if the employee does not complete the degree, two full years after the last day of the semester in which the employee takes their last class). Failure to meet this two-year employment requirement will result in forfeiture of the entire benefit used, and the staff employee will be responsible for repayment of all tuition benefits received under paragraph (a) above, unless the staff employee's employment was involuntarily terminated without cause (as defined in Section 2.03 above). Any outstanding repayment obligation under this paragraph will continue to apply if the employee terminates employment and is subsequently rehired by the University.

3.03 **Limitations and Restrictions: Eligible Children of Eligible Employees.**

- (a) In general. Each Eligible Child of an Eligible Employee may receive 100% tuition assistance (50% for an Eligible Child of a KCMG Eligible Employee) for a maximum of **one** undergraduate degree program, up to a maximum of 144 undergraduate units, whichever comes first. In the event that a student is enrolled in a progressive degree program, tuition assistance benefits will only be eligible for the undergraduate coursework associated with the degree.
  - (1) The following units count toward a student's maximum allowable units: (1) units associated with courses from which a student has withdrawn after the last day to register and add classes, as established by the University and published in the Schedule of Classes and (2) units associated with courses in which a student has received an incomplete. A student is strongly encouraged to coordinate the student's tuition assistance with other forms of financial aid for which the student may be eligible and should contact the Financial Aid Office to do so.

- (2) If a child transfers to the University from another institution and applies for benefits under the TAB Plan, the one-degree limit applies even though the child did not begin the degree program at the University (meaning that the child will not be entitled to additional benefits under the TAB Plan after the degree program is completed).
  - (3) An employee who has used the University's Tuition Exchange Program with respect to a child is ineligible for benefits under the TAB Plan with respect to that same child, even if the child does not complete a degree under the Tuition Exchange Program and/or subsequently transfers to the University. For example, a child who uses the Tuition Exchange Program for undergraduate education is ineligible to use the TAB Plan for either undergraduate or graduate tuition benefits. (For the avoidance of doubt, an Eligible Child is only eligible to receive TAB Plan benefits for graduate courses if specifically provided under Section 3.03(e) below.)
- (b) Death or Disability of Sponsoring Eligible Employee.
- (1) An Eligible Child enrolled in an eligible academic program at the time of death or permanent disability of their current sponsoring Eligible Employee may continue to receive tuition assistance in order to complete their degree (subject to the terms and conditions of the TAB Plan).
  - (2) An Eligible Child of an Eligible Employee who is not yet enrolled at the time of death or permanent disability of a current sponsoring Eligible Employee may receive tuition assistance based on the number of years of benefits-eligible service of their sponsor in accordance with the following rules:
    - (i) If a sponsoring Eligible Employee with less than five years of benefits-eligible service at the University dies or becomes permanently disabled while an Eligible Employee, their surviving Eligible Children may receive tuition assistance equivalent to one year of tuition assistance for each year of the employee's benefits-eligible service to the University and divided among the surviving Eligible Children (as designated by the surviving parent, guardian or former guardian in a signed, notarized statement), subject to the terms and conditions of the TAB Plan in effect at the time the Eligible Children elect to exercise the benefit, including the maximum number of units allowed.
    - (ii) If a sponsoring Eligible Employee with five or more years of benefits-eligible service at the University dies or becomes permanently disabled while an Eligible Employee, their surviving Eligible Children may receive tuition assistance equivalent to the tuition assistance received by Eligible Children of current Eligible Employees, subject to the terms and conditions of the TAB Plan in

effect at the time the Eligible Children elect to exercise the benefit, including the maximum number of units allowed.

(c) Eligibility Service Requirement for Eligible Staff Employees: With respect to the tuition benefit for Eligible Children described above, an employee hired or rehired on or after January 1, 2019, must be employed by the University as an Eligible Employee for at least two (2) full years on or before the first day of classes in any semester/session for which the Eligible Staff Employee is permitted to use the benefit. Rehired employees who already met the service requirement during their prior University employment will not need to meet a new waiting period. An Eligible Staff Employee will be treated as satisfying the service requirement if the second anniversary of their employment date as an Eligible Staff Employee occurs within 30 days after the first day of classes.

(d) Limited “15-year Service” Benefit for Qualifying Former Employees.

(1) An Eligible Child of a qualifying former employee will remain eligible for post-employment tuition assistance benefits under the TAB Plan subject to the terms and conditions of the TAB Plan as in effect when the qualifying former employee applies to use the benefit for the Eligible Child, including any changes to the terms and conditions of the TAB Plan that are adopted during the period in which the Eligible Child is using the benefit.

(2) A “qualifying former employee” is an individual:

(i) whose date of employment with the University was (a) prior to July 1, 2011, or (b) on or after July 1, 2011, but the employee had a verified offer letter accepting employment co-signed prior to July 1, 2011; and

(ii) who earned at least 15 years of benefits-eligible service prior to the individual’s date of termination.

A break in the service (i.e., termination of employment) of an employee described in paragraph (i) above before that employee has earned at least 15 years of benefits-eligible service will nullify the employee’s eligibility for the post-employment benefit described in this Section 3.03(d), except that if such an employee is laid off before attaining at least 15 years of benefits-eligible service and is subsequently rehired within one year, service will be bridged. For purposes of this Section 3.03(d), an employee is “laid off” if the employee is eligible for severance benefits under the University of Southern California Severance Pay Plan.

(e) Special Transition Rules.

(1) An Eligible Child (including an Eligible Child described in Section 3.03(d) above) already enrolled in a graduate degree program on April 15,

2025 will be permitted to continue to receive 100% tuition assistance (50% for an Eligible Child of a KCMG Eligible Employee) for that graduate program (up to a maximum of 72 graduate units, whichever comes first), subject to TAB Plan rules. With respect to the transition benefits described in this paragraph (1), for Eligible Children of Eligible Employees whose base salary on the first day of the applicable semester exceeds the IRS annual compensation limit under Code section 401(a)(17), the graduate degree benefit is reduced to 50% (25% for an Eligible Child of a KCMG Eligible Employee).

- (2) An Eligible Child (including an Eligible Child described in Section 3.03(d) above) already enrolled in a progressive degree program on April 15, 2025 will be permitted to receive 100% tuition assistance (50% for an Eligible Child of a KCMG Eligible Employee) for the graduate coursework associated with the progressive degree, subject to TAB Plan rules.

#### **3.04 Limitations and Restrictions: Eligible Spouse or Eligible Registered Domestic Partner.**

- (a) In General. An Eligible Spouse or Eligible Registered Domestic Partner of an Eligible Employee may receive 25% tuition assistance for a maximum of **one** degree program, up to a maximum of 144 undergraduate or 72 graduate units, whichever comes first.
  - (1) Degree programs officially recognized by the University as “progressive degrees” count as one degree and additional units may be made available to complete them. The additional units will be granted to the initial progressive degree of record as identified by the Office of the Provost. Progressive degrees must be completed within five years unless an official extension has been granted by the Office of the Provost.
  - (2) The following units count toward a student’s maximum allowable units: (1) units associated with courses from which a student has withdrawn after the last day to register and add classes, as established by the University and published in the Schedule of Classes and (2) units associated with courses in which a student has received an incomplete. A student is strongly encouraged to coordinate the student’s tuition assistance with other forms of financial aid for which the student may be eligible and should contact the Financial Aid Office to do so.
  - (3) If an Eligible Spouse or an Eligible Registered Domestic Partner transfers to the University from another institution and applies for benefits under the TAB Plan, the one-degree limit applies even though the individual did not begin the degree program at the University (meaning that the individual will not be entitled to additional benefits under the TAB Plan after the degree program is completed).

- (4) An Eligible Employee is permitted to use the benefit described in this section for only one individual (i.e., one Eligible Spouse or Eligible Registered Domestic Partner) during the employee's employment with the University (regardless of breaks in service).
- (b) Death or disability of the sponsoring Eligible Employee. If a sponsoring Eligible Employee dies or becomes permanently disabled while employed by the University, their surviving Eligible Spouse or Eligible Registered Domestic Partner may continue to receive tuition assistance to complete the semester/session in which they are enrolled, subject to the terms and conditions of the TAB Plan.
- (c) Eligibility Service Requirement for Eligible Staff Employees. With respect to the tuition benefit for Eligible Spouses and Eligible Registered Domestic Partners described above, an Eligible Staff Employee must be employed by the University as an Eligible Employee for at least two (2) full years on or before the first day of classes in any semester/session for which the Eligible Staff Employee is permitted to use the benefit. Rehired employees who already met the service requirement during their prior University employment will not need to meet a new waiting period. An Eligible Staff Employee will be treated as satisfying the service requirement if the second anniversary of their employment date as an Eligible Staff Employee occurs within 30 days after the first day of classes.
- (d) Special Transition Rule. An Eligible Spouse or Eligible Registered Domestic Partner of an Eligible Employee hired prior to (and continuously employed as an Eligible Employee since) January 1, 2019, who is already enrolled in a degree program on April 15, 2025 may receive 50% tuition assistance (25% for an Eligible Spouse or Eligible Registered Domestic Partner of a KCMG Eligible Employee) through completion of that degree program, subject to TAB Plan rules. The transition benefits described in this paragraph (d) are only available to Eligible Spouses or Eligible Registered Domestic Partners who have not used TAB Plan benefits for a prior degree and were otherwise eligible for TAB Plan benefits under the terms of the TAB Plan as in effect prior to April 15, 2025.

### 3.05 **Limitations and Restrictions: Former Employees Affected by Outsourcing.**

An Eligible Staff Employee who is laid off or terminated as a result of the University's outsourcing an entire department or job function to an independent contractor, if hired by the contractor for work at the University at the time of the outsourcing, will continue to be eligible for tuition assistance benefits equivalent to those offered to Eligible Staff Employees (for Eligible Dependents and self) while continuously employed by the contractor and assigned to work at the University, in accordance with the provisions of the TAB Plan in effect at the time the former employee or dependent elects to exercise the benefit.

## ARTICLE IV—TAX LIABILITY

### 4.01 **Taxation of Benefits; Responsibility for Tax Liability.**

The TAB Plan is intended to provide benefits that are, to the extent possible, excluded from taxation under Internal Revenue Code sections 117(d), 127, and 132(d) and other applicable laws in effect from time to time. Nonetheless, many benefits provided under the TAB Plan will constitute taxable income. The Eligible Employee is responsible for any tax liability resulting from benefits provided under the TAB Plan to the employee or their Eligible Dependents. The University is required by law to report to the Internal Revenue Service the gross amount of the tuition assistance received that is subject to taxes on the appropriate tax forms. Taxes are withheld and the tuition assistance subject to taxation is reported as income in the same semester in which the benefit is received.

- (a) The tax liability of tuition assistance benefits is determined by whether a student is pursuing a graduate or undergraduate degree and not by the classification of the course. The University determines the appropriate tax withholding and reporting for tuition assistance benefits in accordance with applicable IRS guidance.
- (b) This Article IV focuses on the federal income tax treatment of tuition assistance benefits. In many instances, the tax treatment will be the same for state income tax purposes.
- (c) Eligible Employees are advised to contact a tax consultant for information about the state and federal tax treatment of benefits under the TAB Plan. An individual with questions regarding the taxes withheld from their paycheck and/or tax reporting documentation may contact Payroll Services. The University does not provide tax advice.

### 4.02 **Undergraduate Degrees.**

- (a) TAB Plan benefits for undergraduate courses that are taken by an Eligible Employee or an Eligible Spouse generally are currently exempt from federal taxation. TAB Plan benefits for undergraduate courses that are taken by an Eligible Registered Domestic Partner or an Eligible Child will be exempt from federal taxation only if the Eligible Registered Domestic Partner or Eligible Child is the Federal Tax Dependent of the sponsoring Eligible Employee.
- (b) A University Tax Dependent Certification Form must be completed and filed with Payroll Services for each Eligible Child or Eligible Registered Domestic Partner, whether or not the individual is the sponsoring Eligible Employee's Federal Tax Dependent when the sponsoring Eligible Employee first applies for the benefit. The certification form also must be renewed with Payroll Services at the beginning of each calendar year while the individual is taking undergraduate courses. Without such certification, tuition assistance benefits for undergraduate courses are considered taxable and reportable income and the appropriate tax withholding and reporting will apply. Any change in the Federal Tax Dependent

status of an Eligible Child or Eligible Registered Domestic Partner who is an undergraduate student must be reported to Payroll Services.

#### 4.03 **Graduate Degrees.**

- (a) TAB Plan benefits for graduate courses taken by an Eligible Employee's Eligible Dependent are taxable income for the Eligible Employee and subject to taxation and reporting on the appropriate tax forms. (For the avoidance of doubt, an Eligible Child is only eligible to receive TAB Plan benefits for graduate courses if specifically provided under Section 3.03(e) above.)
- (b) TAB Plan benefits in excess of \$5,250 (per calendar year) for graduate courses taken by an Eligible Employee are considered taxable and are reported as income for the Eligible Employee unless the graduate courses qualify as job related under Internal Revenue Code provisions. The Eligible Employee must file a University Graduate Coursework Certification with Payroll Services, whether or not the courses are job-related, prior to the beginning of each semester while taking graduate courses. Tuition assistance benefits in excess of \$5,250 will be added to the Eligible Employee's income and appropriate taxes withheld unless the Eligible Employee and their supervisor certify that the coursework is job related. Under current law, to qualify as job-related, both must certify that (1) the course is required to maintain or improve skills required for the job or is required by the University or by law as a condition of continuing employment in the Eligible Employee's current job and (2) the course does not qualify the Eligible Employee for a new trade or business.

#### 4.04 **Tax Implications for Former Employees.**

A tuition assistance benefit provided to a former employee or an individual treated as an Eligible Dependent of a former employee under the TAB Plan is taxable and reportable as income unless (1) the former employee retired or terminated employment with the University because of a permanent disability and (2) the benefit is for undergraduate coursework. An employee is treated as "retired" for purposes of the TAB Plan if their employment with the University terminates at or after age 55.

## **ARTICLE V—MISCELLANEOUS**

#### 5.01 **Administration.**

The TAB Plan shall be administered by the University. The University shall have the discretionary power and authority to administer the TAB Plan in all respects, to interpret its provisions and to decide, among other things, satisfaction of eligibility requirements and claims for benefits hereunder. All decisions of the University shall be final and binding on all persons.

5.02 **Amendment and Termination.**

The University reserves the right at any time or times to amend the TAB Plan to any extent and in any manner that it may deem advisable, by a written instrument signed by an officer of the University, any amendment to take effect retroactively if the instrument so provides. The University shall have no obligation or liability whatsoever to maintain the TAB Plan for any given length of time and may discontinue the TAB Plan at any time.

5.03 **Reclassification of employment status.**

Notwithstanding anything herein to the contrary, an individual who is designated an independent contractor or volunteer of the University, or is not otherwise characterized by the University as a regular employee, and is not otherwise described in Section 1.04 shall not be eligible to participate in the TAB Plan. However, in the event that such an individual is reclassified by the University as a regular employee, and is not designated by the University as an independent contractor or volunteer, the individual shall be eligible to participate in the Program on the actual date of such reclassification if such individual otherwise qualifies as an eligible staff employee or eligible faculty member hereunder. In no event shall such reclassified individual be eligible to participate in the TAB Plan prior to the actual date of reclassification by the University, nor shall any service other than service as an employee of the University be taken into account for purposes of the TAB Plan.

5.04 **Governing law.**

The TAB Plan will be construed, administered and enforced according to the laws of the State of California, to the extent not preempted by federal law.

5.05 **Limitation of Rights.**

Neither the establishment of the TAB Plan nor any amendment thereof will be construed as giving to any individual any legal or equitable right against the University except as provided in this document and in no event will the terms of employment or service of any employee of the University be modified or in any way be affected hereby.

IN WITNESS WHEREOF, the University has caused this document to be executed by its duly authorized representative this 30 day of October, 2024.

UNIVERSITY OF SOUTHERN CALIFORNIA

By:



Stacy Giwa

Title Interim Senior Vice President, Human Resources