

**Santos Manuel Student Union  
Employee Course Fee Advance and Tuition Assistance Plan  
(Section 117)**

Article 1- Introductions

1.1 Purpose of Program. This Program is intended to provide Santos Manuel Student Union (SMSU) employees with educational benefits that are excludable from the employees' gross income under Section 117(d) or Section 132 of the Internal Revenue Code. Under the Program, the SMSU will advance to eligible employees up to \$4320 per year for qualifying educational expenses. This benefit may be allocated at a maximum of \$1440 per quarter, or \$2160 per semester. Employees may utilize the benefit for themselves, their spouses or their dependent children.

Article 2- Definitions

Wherever used herein, the following terms have the following meanings unless a different meaning is clearly required by the context:

2.1 "Administrator" means the SMSU Executive Director, or such other person or committee as may be appointed from time to time by the SMSU to supervise the administration of the Program.

2.2 "Benefit Amount" means the total amount of reimbursements or advances available for any Plan Year under Section 4.1

2.3 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.4 "Dependent" means a Participant's spouse or dependent child described in Section 4.2

2.5 "Educational Institution" means an accredited educational institution that normally retains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its educational values are regularly carried out. Educational Institutions

must, by definition in SMSU policy, be accredited by an agency recognized by the United States Department of Education.

2.6 "Eligible Employee" means an Employee described in Section 3.1.

2.7 "Employee" means an individual who is employed by the SMSU.

2.8 "Participant" means each Eligible Employee who participates in the Program under Article 3.

2.9 "Plan Year" means [the twelve-month period beginning July 1 and ending the following June 30] or [other].

2.10 "Program" means the Santos Manuel Student Union Employee Course Fee Advance and Tuition Assistance Plan as set forth in this document, together with any and all amendments and supplements hereto.

2.11 "SMSU" means the Santos Manuel Student Union of California State University, San Bernardino.

2.12 "Tax-Exempt Educational Institution" means an Educational Institution that is exempt from tax under Section 501(c)(3) of the Code. Educational Institutions must, by definition in SMSU policy, be accredited by an agency recognized by the United States Department of Education.

### Article 3 Eligibility and Participation

3.1 Eligibility. An Employee will be eligible to participate in the Program if he or she is regularly scheduled to work half-time or more for the SMSU.

3.2 Participation. An Eligible Employee will begin participation in the Program on his or her first day of work as an Eligible Employee.

3.3 Cessation of Participation. A Participant will cease to be a Participant when he or she ceases to be an Eligible Employee.

3.4 Resumption of Participation. A former Participant will resume

participation on the first day on which he or she is again an Eligible Employee.

3.5 Retirement, Disability or Death of a Participant. In the event of a Participant's retirement at or after age 55, or termination of employment due to disability or death, Program Eligibility will be discontinued for the Participant and all Dependents.

#### Article 4 Benefits

4.1 Benefit Amount. For each Plan Year, a Participant may obtain payment or reimbursement of up to \$4320 of educational expenses described in Section 4.2 or 4.3 that are incurred during the Plan Year. A Participant may elect to obtain payment or reimbursement of one educational expense or several expenses in combination. Any unused Benefit Amount for a Plan Year cannot be applied against educational expenses incurred in prior or subsequent Plan Years.

4.2 Tuition Below the Graduate Level. Any portion of the Benefit Amount may be used for tuition expenses (but not other expenses) of the Participant, or one or more Dependents of the Participant, at a Tax-Exempt Educational Institution for education below the graduate level, including kindergarten, elementary, secondary or undergraduate education and, if approved by the Administrator, educational, sports or skill development camps, outdoor survival courses, rehabilitation programs or vocational schools. Educational Institutions must, by definition in SMSU policy, be accredited by an agency recognized by the United States Department of Education. "Dependent" means a Participant's legal spouse or dependent child. A "dependent child" is a Participant's child, stepchild, foster child whose principal place of abode is the Participant's home and who is a member of the Participant's household, or legally adopted child (including a child who is a member of the Participant's household and who has been placed there by an authorized placement agency for legal adoption), provided that one of the following statements is true:

the Participant provides over half of the child's support for the year; or both of the child's parents are deceased and the child has not reached age 25; or the parents are divorced or legally separated (including separation under a written separation agreement, or living apart for the last six months of the year); the child receives over one-half of his or her support from one or both parents (or their spouses); and the child is in the custody of one or both parents for more than one-half of the calendar year; or the Participant is allowed to treat the child as a tax dependent under special Code rules that apply to multiple support orders.

4.3 Job-Related Educational Expenses. Any portion of the Benefit Amount may be used for tuition only incurred by the Participant (but not a Dependent) in attending courses, including graduate level courses, at an Educational Institution, provided that such courses satisfy the following conditions:

The courses maintain or improve the skills required by the Participant's current job, or the courses meet the express requirements imposed by the SMSU or applicable law in order for the Participant to retain his or her job, pay or status; and the courses neither enable the Participant to meet the minimum educational requirements of his or her job nor do they qualify the Participant for a new trade or business.

4.4 Payment of Benefits. To obtain advance payment or reimbursement under the Program, a Participant must submit an SMSU Course Fee Advance Application. The SMSU Course Fee Advance Application requires subsequent submittal of a copy of the tuition bill or other statement from the Educational Institution and evidence of satisfactory completion of each course for which reimbursement is sought. The Participant must also comply with such conditions or procedures as may be established by the Administrator from time to time.

4.5 No Benefits in Lieu of Other Compensation. In no event will benefits be paid under this Program in lieu of cash or any other compensation to which Participants might otherwise be entitled from the SMSU.

## Article 5 Administration, Amendment, and Termination.

5.1 Administrator. To the fullest extent permitted by law, the Administrator shall have the full discretion to determine all matters relating to the interpretation and operation of the Program, including eligibility and benefits under the Program. Any determination by the Administrator shall be final and binding, in the absence of clear and convincing evidence that the Administrator acted arbitrarily and capriciously.

5.2 Status and Duration of Program. This Program is intended to provide benefits that are excludable from taxation under Section 117(d) or Section 132 of the IRC, and the Program is to be interpreted consistently with those Sections. The Program may be changed at any time by the SMSU to maintain compliance with those Code Sections or other applicable laws. The SMSU also reserves the right to modify this Program in any other respect, or to discontinue this Program at any time.

## Article 6 Miscellaneous.

6.1 Limitation of Rights. Neither the establishment of the Program nor any amendment thereof will be construed as giving to any Participant or other person any legal or equitable right against the Administrator or the SMSU, except as expressly provided in this document, and in no event will the terms of employment or service of any Participant be modified or in any way be affected by the Program.

6.2 Benefits Solely from General Assets. The benefits provided under the Program will be paid solely from the general assets of the SMSU. Nothing in this document will be construed to require the SMSU or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person will have any claim against, right to, or security or other interest in, any fund, account or asset of the SMSU from which any payment under the Program may be made.

6.3 Nonassignability of Rights. The right of any Participant to receive

any benefits under the Program will not be alienable by the Participant by assignment or any other method, and will not be taken by his or her creditors by any process whatsoever, and any attempt to cause such right to be so subjected will not be recognized, except to such extent as may be required by law.

6.4 No Guarantee of Tax Consequences. Neither the Administrator nor the SMSU makes any commitment or guarantee that the value of any benefit provided to a Participant under this Program will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It is the obligation of each Participant to determine whether each payment under the Program is excludable from his or her gross income for federal and state income tax purposes. If any payment under this Program becomes taxable, any employment tax withholding owed with respect to such payment may be deducted from the Employee's other compensation in the same calendar year in which the payment is provided.

6.5 Limitations with Respect to Certain Participants. Notwithstanding any other provisions of this Program, the Administrator may limit participation by, or the amounts paid to, any Participant who is a highly compensated employee (within the meaning of Code Section 414(q)), to the extent that the Administrator considers such limitation to be advisable in order to assure compliance with any applicable nondiscrimination provisions of the Code.