

FIRST DATA CORPORATION ADOPTION ASSISTANCE POLICY

First Data Corporation recognizes that the adoption of a child is an important family event. Through the Adoption Assistance Program, eligible employees are offered financial reimbursement of certain expenses incurred in the legal adoption of a child. This policy applies to employees whose adoptive children were placed in their home on or after January 1, 2004, assuming eligibility requirements have been met.

Eligibility:

All regular full-time and part-time U.S.-based employees of First Data Corporation who have a least six months of service with the Company are eligible for reimbursement for certain expenses incurred in the adoption of a child(ren) under the age of 18.

Unlimited and multiple adoptions (twins, triplets, sibling pairs, etc.) are permissible under this policy.

Eligible Expenses:

Eligible expenses that are reasonable and necessary for the legal adoption of a child may be reimbursed up to \$10,000 per adoption.

Covered Expenses include:

- Fees for authorized adoption agencies
- Legal fees
- Court costs
- Maternity fees (i.e. medical expense for the child's biological mother not otherwise covered)
- Travel expenses (including meals and lodging) required to pick up a child from another location
- Other expenses directly related to the legal adoption of a child and which are not incurred in violation of state or federal laws

Expenses reimbursed under this policy will be charged against the business unit benefits cost center.

Application for Reimbursement:

When the child is "permanently placed" in the home, an employee desiring adoption assistance should complete an "Application for Adoption Assistance" form, available from the HR Service Center. "Permanently placed" means the date that the child becomes a member of the household and not the date of the final adoption, which may be sometime after the child has been living with the adoptive parent(s). Applications must be made within 45 days of the child being permanently placed in the home. The documentation required for reimbursement includes:

- Application for reimbursement form
- Itemized copy of expenses incurred (on attorney or adoption agency letterhead)
- Proof of payment
- Letter or order from agency or court indicating child was permanently placed in your home as of the date indicated on your application.



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The HR Service Center will review the application and documentation for completeness and adherence to the policy and will notify the applicant of its final decision.

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Reimbursement and Tax Consequences:

The IRS considers reimbursement for adoption expenses to be eligible for certain taxes. Social Security (FICA) and Medicare taxes will be withheld from reimbursements and reported as income on your W-2 form. Reimbursed expenses are not grossed up. Reimbursements are added to a regularly scheduled paycheck.

Leave of Absence:

FMLA eligible employees may use up to 12 weeks unpaid leave, or up to 12 weeks accumulated sick, vacation or personal time. Employees not eligible for FMLA may use up to 6 weeks unpaid leave, or up to 6 weeks accumulated sick, vacation or personal time. Employees are encouraged to inform management of adoption leave plans as early as is possible.

Definitions:

- **Eligible Child:** An eligible child is an individual who is under age 18 or is physically or mentally incapable of caring for himself or herself when the adoption assistance is provided. A child with special needs is an eligible child who a state has determined cannot or should not be returned to the parents' home and cannot be placed for adoption without adoption assistance because of a specific factor or condition. A child with special needs must be a citizen or resident of the United States. Child(ren) of a spouse may also be considered eligible for adoption under this policy.
- **Qualified Adoption Expense:** Qualified adoption expenses include reasonable and necessary adoption fees, court costs, attorney's fees, travel expenses (including meals and lodging) while away from home, and other expenses directly related to the legal adoption of an eligible child. Qualified expenses do not include any expenses incurred in violation of federal or state law in carrying out any surrogate parenting arrangement.
- **Dollar Limitation:** The maximum exclusion for qualified adoption expenses is \$10,000 over all taxable years related to the particular adoption. The limitation is not applied on an annual basis. The maximum exclusion includes amounts connected with an unsuccessful attempt to adopt a child before successfully finalizing the adoption of another child. The \$10,000 limitation applies both to married individuals and to unmarried individuals adopting an eligible child. An unmarried couple that seeks to adopt an eligible child must apply the dollar limitation to the couple's combined qualified adoption expenses.
- **Permanently Placed in the Home:** Permanently placed means the date that the child becomes a member of your household. It is not the date of the final adoption, which may be some time after the child has been living with you.

For more information about the FDC Adoption Assistance Policy, please contact the HR Service Center toll free at **(866)688-7788, Option 4.**

If you have questions about tax credits or the tax implications of your adoption, please contact your accountant or tax advisor.