



Adoption Assistance Program - US

Adobe recognizes that families are formed in many ways. The Adoption Assistance Program is designed to help offset the costs associated with adopting a child. Adobe periodically reviews its Adoption Assistance Program and has modified the program for adoptions that occur on or after January 1, 2018.

Effective January 1, 2018, Adobe will reimburse you up to a total of \$25,000 for expenses you incur directly related to adopting a child under 18 years of age (or over 18 years of age if they are physically or mentally incapable of caring for themselves). The maximum benefit is \$25,000 per child and the benefit is limited to the adoption of two children. The total lifetime maximum reimbursement is \$50,000 for the adoption of two children. Expenses will be reimbursed after the adoption is finalized.

Who is Eligible?

- You are eligible for the Adoption Assistance Program if you are a regular employee scheduled to work at least 24 hours per week.
- You must be employed with Adobe when the adoption is finalized and actively at work when reimbursement is made to receive this benefit.
- If your spouse/domestic partner works at Adobe, only one of you is eligible to submit expenses and receive the reimbursement associated with adoption of your child.

Adoptions Covered

Adoptions are eligible for reimbursement when the following conditions are met:

- You meet the eligibility criteria
- In the case of a foreign adoption, the adoption has been finalized.
- In the case of the adoption of a child who is a citizen or resident of the United States, the adoption proceedings have been finalized.
- The expenses meet the definition of "eligible adoption expenses"
- The child meets the definition of eligible child
- Adoptions associated with surrogacy are eligible under the program, but may not be eligible for tax favored treatment.

Definition of eligible child

In general, the term "eligible child" means any child under 18 years of age (or over 18 years of age if they are physically or mentally incapable of caring for themselves)

Adobe Adoption Assistance Program Expenses

The program provides for reimbursement of reasonable expenses (with receipt of payment) that incurs from:

- Legal Fees
- Court Fees
- Adoption Agency Fees including Foreign adoption fees
- Travel Expenses (necessary for the adoption)

The following expenses are not eligible for reimbursement:

- Clothing
- Medical Expenses
- Expenses incurred in violation of state or federal law

Important Dates:

Adoption Finalized:	After January 1, 2018
Claim Eligibility	Cost associated with adoption incurred prior to January 1, 2018, will be eligible for reimbursement if you meet the eligibility criteria and submit the claim by the appropriate deadline.
Annual Claim Filing Deadline:	File when adoption finalized, but no later than May 31 of the following year after the adoption is finalized.

Program Administration

TRI-AD is the administrator for this Adoption Assistance Program. You can reach TRI-AD by e-mail at flexmail@tri-ad.com, or by phone Monday through Friday 5 am to 6:00 pm PT toll free at 855-482-3623. If you would like to file a claim for Adoption Assistance reimbursement, please first carefully review the important information outlined below.

How and When to Submit Expenses for Reimbursement:

- **Register** on the TRI-AD website: www.tri-ad.com to set up your user name and password. From your log in, you will be able to view program information on the Resources page, and file claims.
- **Claim Form:** Log on to TRI-AD's website and click on "Enter a New Claim" to enter it online or via the "Benefits by TRI-AD" mobile app for iPhone/iPad or Android.
- **Submit Claim:** Mobile App users may take a picture of receipts and upload through your device. For website users, if you can scan and upload your receipts you may complete your claim in the TRI-AD Claim Center online, or you may print the claim form and submit via toll free fax to 1866-233-4741. Your receipt must show the date you PAID for the eligible.
- **Reimbursements:** Reimbursements will be issued through payroll within two pay dates of submitting all needed documentation to TRI-AD and claim approval. Refer to the Reimbursement Submission Deadline schedule on the Tri-Ad Resources page.
- **When to File:** The adoption must be finalized prior to submitting your claim for reimbursement. You must submit your claim and all required documentation no later than May 31 in the year following the date the adoption was finalized for the expenses to be reimbursed. Please note: even though some of the costs may

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have been incurred well before the date finalized, if the type of expense is eligible, you will be reimbursed so long as you submit by the annual claim filing deadline.

Income Tax Implications

Rules regarding the taxation of adoption assistance benefits are complex and we strongly recommend you consult with your personal tax advisor for assistance when filing your tax return.

Adoption expenses reimbursed under this program may be excludable from federal taxable income in some instances; however, if you receive reimbursements that do not qualify, or only partially qualify for tax-favored treatment, you must make any adjustments needed on your tax return to include gross income for the taxable portion of the reimbursement. In addition, you may need to make an adjustment to your income tax withholding (on form W-4) or make estimated tax payments to avoid potential penalties. Please see the Employee Tax Obligation section for more details.

Please note: Adoptions associated with Surrogacy may not be eligible for tax favored treatment. Please consult with your tax advisor.

Other Important Reminders

Upon obtaining custody of your child, you may add your child to your medical, dental, and/or visions plan(s). Additionally, you may want to review your other benefit choices.

- Employee Life, Employee Accidental Death and Dismemberment, Dependent Life, and Long-Term Disability Insurance. You may want to increase your coverage selections or enroll in a plan that you previously declined. (You may increase your Life Insurance by up to two levels upon a qualified change in family status).
- Health Care or Dependent Care Reimbursement Account selections. You may want to enroll or increase your pre-tax contributions to either or both accounts.
- Beneficiary Designation. You may want to change the beneficiary information any time through the Adobe Benefits Enrollment Site. For 401(k) beneficiary changes, by federal law you must select your spouse as beneficiary unless your spouse agrees otherwise in writing. Use the 401(k) Enrollment/Change Form to update your beneficiary designation.
- Dependent Life Insurance. You may want to cover eligible dependents.
- Go to the Adobe Benefits Enrollment Site within 31 days of your child's placement to add your child as a dependent and/or make any other necessary changes to your benefits. Print a Confirmation Statement for your records and watch your paycheck to ensure deductions have begun.
- Your new selections will become effective the date of your child's placement. Allow at least 1 pay period for deductions to begin. If you don't enroll your child within 31 days of your child's placement, you will not be able to enroll them until the next open enrollment period.
- Review the 529 College Savings Plan.
- Please refer to Benefits.Adobe.com for more information.

Other Things to Consider

- Time off. You may want to take time off to bond with your child. For information on your options see the "Time Off" tab on benefits.adobe.com or click [here](#).
- Review your income tax withholding – If necessary, complete a new W-4 Form.

Other Important Information

- Reimbursements under this program are payable only to Eligible Employees. The right to reimbursement cannot be transferred or assigned in whole or in part, either directly or by operation of law or otherwise.
- Benefits are payable solely from the general assets of Adobe.
- Adobe reserves the right to terminate or modify this program at any time and for any reason.

Questions about the program or process?

For questions about the program, claim submission, or reimbursement process, you may contact TRI-AD via e-mail to flexmail@tri-ad.com, or by phone Monday through Friday 5 am to 6:00 pm PT toll free at 855-482-3623.

Employee Tax Obligation Adoption Assistance Notice

The rules related to taxation of this benefit are complicated. The following is general tax information about the federal exclusion of employer provided adoption assistance (Code Section 137) and an adoption expense tax credit (Code Section 23) as of November 2017. This information is for general reference purposes only. **You should consult with your personal tax advisor about the taxation of any adoption assistance reimbursements that you receive, the tax exclusion and the tax credit.**

A. ADOPTION EXCLUSION

1. Employees may be able to exclude from their gross income amounts all or part of the Qualified Adoption Expense reimbursements that they receive under the Adobe Adoption Assistance Plan.
 - a. Eligible Child. The adopted child must be under 18 years of age or physically or mentally incapable of caring for self.
 - b. Qualified Adoption Expenses. These may include adoption fees, court costs, attorney's fees and travel expenses directly related to the adoption.
 - i. Expenses for a surrogate parenting arrangement do not qualify for tax favored treatment
 - ii. Expenses for the adoption of your spouse's child do not qualify.
 - c. Dollar limits. For 2018, the maximum income tax exclusion is \$13,840. The maximum limit applies to each effort to adopt an eligible child and is cumulative over all taxable years, rather than an annual limit. Further, the \$13,840 limit includes expenses paid or incurred in any unsuccessful adoption attempt before finalizing an adoption. For this purpose, an attempt that leads to the successful adoption of a child and any unsuccessful attempt to adopt a different child are treated as one effort. Finally, the limit applies to married and unmarried individuals. Therefore, the \$13,840 limit applies to an unmarried couple's combined adoption expenses.
 - d. Income Limitation. The amounts are phased out if your modified AGI is between \$207,580 and 247,580. You cannot claim the exclusion nor the credit if your modified AGI is greater than \$247,580 for 2018, with limits adjusted annually. (Modified adjusted gross income for the taxable year in which the exclusion may be claimed generally is adjusted gross income for that year without applying the exclusion for the employer provided adoption assistance or the deductions for student loan interest and tuition and fees).
 - e. Employer's Withholding and Reporting Obligations. Amounts paid or expenses incurred by an employer for qualified adoption expenses are not subject to income tax withholding. However, these amounts are subject to social security and Medicare taxes (FICA) and federal unemployment tax (FUTA).
 - i. Adobe's maximum Adoption Reimbursement is \$25,000 per child. If you receive a reimbursement in excess of the IRS limits outlined above, Adobe intends to withhold state and federal income taxes, social security, Medicare and federal unemployment taxes from the reimbursements that exceed the maximum limit.
 - f. Employee's Tax Filing Obligations and Responsibilities. Employees are responsible for determining whether an adoption reimbursement qualifies for a tax exclusion. An employee who receives reimbursements or payments that do not qualify, or only partially qualify for the exclusion may need to make an appropriate adjustment on their tax filing to include in gross income the taxable portion of the reimbursement. In addition, the employee may need to make an adjustment to his or her income tax withholding (on Form W-4) or make estimated tax payments to avoid potential penalties.

- g. Year of Exclusion. All or part of the adoption reimbursement may be excludable from the employee's gross income for the year in which Adobe pays the qualified adoption expense. A domestic adoption involves a child who is a U.S. citizen or resident at the time the adoption commenced. Separate rules apply to a foreign adoption (the adoption of a child who is not a U.S. citizen or resident at the time the adoption commenced) because the exclusion is only available for foreign adoptions that become final.

B. ADOPTION EXPENSE TAX CREDIT

Employees are responsible for determining whether they wish to claim an income tax credit for certain qualified expenses paid or incurred in connection with the adoption of an eligible child.

- a. Qualified Adoption Expenses. Note that a credit may not be claimed for expenses reimbursed by Adobe's Adoption Assistance Program.
- b. Dollar Limits and Income Limitation. See A.1.c. and d. Modified AGI for the tax credit generally is adjusted gross income for the tax year after excluding any employer provided adoption assistance income.
- c. Year of Credit. For domestic adoptions the credit is allowed in the next taxable year following the year in which the expense was paid or incurred, unless the expenses are paid or incurred in the taxable year the adoption becomes final, in which case the credit is allowed in that year. Separate rules apply to foreign adoptions because the credit is only available for foreign adoptions that become final.
- d. Carry Forward of Unused Credit. The credit is limited to the total of the individual's regular tax liability plus his or her alternative minimum tax for the taxable year, minus certain credits including the child and dependent care expenses credit, the child tax credit, and the mortgage interest credit. If the adoption credit is limited in a particular year, the excess may be carried forward to the succeeding taxable year, but not beyond the fifth taxable year.
- e. Special Needs Adoption. In the case of an adoption of a child with special needs, as determined under state law, the credit is allowable without regard to whether the taxpayer incurred the qualified adoption expenses.

Coordination of Adoption Credit and Exclusion

You may claim both a credit and an exclusion in connection with the adoption of an eligible child. You may not; however, claim both a credit and an exclusion for the same expense.

You will be required to provide the name, age, and taxpayer identification number for each eligible child for whom you are claiming the credit or exclusion.

See Form 8839, Qualified Adoption Credit and Instructions for Form 8839 on www.irs.gov for more information.