

Duke Children's Tuition Grant Program





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The Children's Tuition Grant Program provides a grant for undergraduate tuition expenses incurred by children of eligible employees for full-time study at any accredited college or university.

The amount of the tuition grant is up to 75% of the weighted average of Duke's tuition, after applying a deductible. Each eligible employee may receive up to a maximum of 16 semesters of tuition assistance, no more than eight of which may be used by any one child.

Two earlier plans continue to be available to faculty and senior administrative staff. The first plan is available to faculty and senior administrative staff who were hired prior to 1975 and provides a benefit of up to 100% of Duke's tuition that may be taxable and does not limit the number of children eligible. The second plan provides faculty and senior administrative staff who were hired between 1975 and 1986 with a benefit of up to \$2,500 per child for up to two children with no deductible (this benefit may be taxable). If you qualify for one of these earlier plans, you can choose to participate in the current program with no limit on the number of children eligible for the benefit. However, this decision is irrevocable and we recommend that you review your options with the Benefits Office prior to making that decision.

The term "Duke" is used throughout this document. For purposes of this Benefit program description, "Duke" refers to the University, Duke University Health System, Inc., and any other entity which is or becomes controlled by Duke University and where, upon appropriate action by the Board of Trustees, the employees of that entity are included in the membership of this program.

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Eligibility and Enrollment

Eligibility for Coverage

You are eligible to participate in the Children's Tuition Grant Program if you:

- Meet the established Duke payroll/benefits classifications to be eligible for benefits coverage (staff members scheduled to work at least 30 hours per week, a faculty employee holding a regular rank appointment who is receiving wages for Social Security purposes, or a faculty employee holding other than a regular rank appointment and classified as a full-time member of the faculty, who is receiving wages for Social Security purposes); and
- Have at least five years of consecutive full-time service as a regular full-time employee during your current term of employment. You must remain in this employment status to maintain eligibility.

For your child to be eligible for the fall semester, you must have completed five years of full-time service on or before September 1; for the spring semester, January 1; and for summer school, May 1.

Employees must also be either:

- A current Duke University employee who has completed service credit while employed within the University or Medical Center, or
- A Duke University, Duke Medical Center, or Duke Hospital employee hired prior to January 1, 1999 with no break in service (this group will retain tuition benefits even after transferring to the Health System.)

House Staff are not eligible for the Children's Tuition Grant Program. However, once a House Staff member moves into a regular faculty position, prior to any break in service, the continuous service date as House Staff is used for calculating eligibility for this program.

Assignment or Alienation of Coverage

Any tuition costs you may become eligible to receive under this program may not be assigned to anyone else.

Leaves of Absence

The period of leave is added to the five year service requirement. Participation in the program is suspended during a personal leave of absence, but will continue in the event of an approved long-term disability leave, family medical leave, or sabbatical.

Losing Your Eligibility

You will lose your eligibility for this benefit if you terminate your employment with Duke, move into an ineligible classification, or decrease your work schedule. If you meet the service requirement, but then move to a part-time position at Duke, you will also lose this benefit. But, your eligibility will be restored if you return to full-time work.

If you work full-time in a campus department but fewer than 52 weeks per academic year at the convenience of Duke (campus positions for 9-10 months), you will still be eligible for this benefit after completing five years of continuous service.

Your eligibility for this program may be terminated if fraud or misrepresentation of fact is made on your application.

Transfers

- Employees hired prior to January 1, 1999 within Duke University, Duke University Medical Center, or Duke Hospital will retain the tuition benefit when transferring to the Duke University Health System (DUHS).
- Employees hired as Duke University staff after December 31, 1998 will not retain the tuition benefit when transferring to the Duke University Health System (DUHS). However, if the employee transfers back to Duke University with no break in service, then all their full-time service as a Duke University employee will count towards meeting the 5 year eligibility requirement.

Your Eligible Children

Your eligible children include:

- Your natural, adopted, or stepchildren up to the first semester or quarter after their 26th birthday*; and
- The children of your registered same-sex spousal equivalent up to the first semester or quarter after their 26th birthday (please note that according to Internal Revenue Service guidelines, the benefit provided for your partner's child will be considered taxable income to you).

A child's eligibility must be established by the following dates in order for tuition payments to be made:

- on or before September 1 for the fall semester,
- on or before January 1 for the spring semester, and
- on or before May 1 for summer school.

*Children of employees who were hired before January 1, 1999, will not be subject to the maximum age limitation.

Taxes and Withholding of Plan Benefits

The benefit is not considered taxable income for most eligible employees. However, if your child does not qualify as a dependent in accordance with the Working Families Tax Relief Act (“WFTRA”), then the benefit will be considered taxable income to you.

Your child qualifies as a dependent in accordance with the Working Families Tax Relief Act (“WFTRA”) if s/he: (1) lives in your home for over half the year, and (2) is your child, stepchild or adopted child, and (3) is a student under 24 years of age, and (4) does not provide over half of his or her own support for the year. To be your dependent, he or she must be a U.S. citizen or a resident of the U.S., Canada, or Mexico and must not file a joint return for the year. “Student” means full-time student for at least five

months of the year (thus, a college senior graduating in May or June can qualify in the year of graduation.) For more details on dependents you may wish to see IRS Publication 501. IRS Publication 504 may be helpful for divorced or separated individuals. You may also want to consult your own tax advisor if you have additional questions.

If your child is not a dependent, as defined by the Working Families Tax Relief Act (“WFTRA”), your child may still receive the benefit, however, such benefit will be net of taxes withheld, as the benefit will be taxable income to you. Duke will withhold an amount for applicable taxes from the benefit, although you are responsible for ensuring that the full amount of federal and state taxes is paid.

How the Children's Tuition Grant Program Works

The Children's Tuition Grant Program provides a grant for full-time study at the associate or baccalaureate level at any approved, accredited, degree-granting institution of higher education in the world. The grant is provided for the pursuit of your child's first undergraduate degree. Second undergraduate degrees and graduate study are not covered.

You may receive up to 16 semesters of the tuition grant, no more than eight of which may be provided for any one child.

The grant amount is up to 75% of the weighted average of Duke's tuition after a deductible and other tuition scholarships your child may be eligible to receive. Only tuition expenses are eligible for reimbursement. If the scholarship is not designated towards tuition and not greater than room, board and fees, then the scholarship has no impact on the Children's Tuition Grant payment.

The Deductible

The deductible amount, which is subject to change every year, is deducted from your child's tuition expense to determine the amount of the grant your child may be eligible to receive. If your child receives a scholarship designated for tuition, it will be applied towards meeting the deductible. If your child receives an "undesignated scholarship," any excess over the non-tuition costs will be applied as if designated for tuition.

Two full sessions (two classes each) of summer school are counted as one semester and have one deductible applied. Also, several universities are on a quarterly calendar rather than a semester. The annual deductible is adjusted on a pro-rata basis for these schools.

When a child attends different schools and one school operates on a semester calendar and the other school operates on a quarter calendar, one semester will equal one and one half quarters.

You are responsible for the excess tuition expenses and other costs.

How the Grant Is Paid

The grant is paid directly to the qualifying institution when Duke receives enrollment confirmation from that institution. Duke is refunded any credit balance (up to the amount of the tuition grant) that may occur after this grant and all other scholarships, grants, or other forms of assistance (excluding loans and payments by the student or his/her parents) are applied.

Please Note: Requests for appeals of benefit payments must be made within 90 days of the payment or the semester in which the payment was due. Otherwise, it is assumed that the amount of the payment is accurate and/or the period for requesting payment has expired.

Other Information About the Children's Tuition Grant Program

If You Retire

To be eligible to participate in the Children's Tuition Grant Program after you retire from Duke, you must meet the following criteria:

- You must have been eligible for the benefit prior to retirement (you must have completed five years of full-time service at Duke, been full-time at the time of retirement, and either were paid 80% or more from funds of a division designated as tuition grant eligible or have been "grandfathered" as tuition grant eligible),
- You must be at least age 65 at retirement, or the sum of your age plus your years of service with Duke must be equal to or greater than 75,
- Your separation of service from Duke must not have been due to disciplinary reasons,
- You must, when practicable, provide formal notice at the time of your termination to Duke that you have a child who is eligible to use the benefit, providing your child's name and date of birth, and
- You must not be eligible for a similar tuition grant program from a subsequent employer.

In the Event of Your Death

In the event of your death after retirement, your child will remain eligible for the tuition grant — per program guidelines — if you met eligibility at the time you retired.

In the event of your death while actively employed at Duke, your child will remain eligible for the tuition grant, assuming you were eligible for the grant at the time of your death.

If Both Parents Are Eligible for the Grant

If both parents are eligible for the grant, the number of eligible semesters increases from 16 to 32. The maximum grant amount remains the same, as does the eight semesters limit per child.

How to Apply for the Children's Tuition Grant Program

Grant application forms are available at the Human Resource Information Center and Duke's web site at www.hr.duke.edu. Recertification of your continued eligibility, your child's enrollment, and the school's tuition costs is necessary each semester.

Apply as early as possible by completing the grant application form and forwarding it to your child's school for certification. The school should return the completed form to you for verification, and then you must present it to the Human Resource Information Center by mail or fax.

**Duke University
Benefits
705 Broad Street
Durham, NC 27708
Fax (919) 681-8774**

Allow several weeks for this process to minimize delays in your child's eligibility to register, late fees, and other restrictions your child's school may place for a late payment of the tuition bill.

The Duke Children's Tuition Grant Program is administered by the University, which shall have final authority to construe the provisions of the program, to determine all questions of eligibility for benefits, and to establish any administrative rules for operation of the program. The University may amend or terminate the program at any time, with respect to benefits not yet paid, for any reason that it deems appropriate in its discretion.

Notes