

**WAYNE STATE UNIVERSITY
SECTION 127
EDUCATIONAL ASSISTANCE PLAN**

**ARTICLE I
Purpose of Plan**

1.01 The purpose of this Wayne State University Section 127 Educational Assistance Plan (Plan) is to furnish educational assistance to the employees of Wayne State University (University).

1.02 It is the intention of the University that the educational assistance provided under the Plan be eligible for exclusion from a Participant's income to the maximum extent possible under Code Section 127(a). The University presently provides, and will continue to provide, to their employees a variety of other benefits, some of which may qualify for exclusion from gross income under provisions other than Code Section 127, including the qualified tuition reduction provisions of Code Section 117(d) (which includes certain tuition assistance for undergraduate courses and dependents) and job-related courses deductible under Code Section 162. The educational assistance offered under this Plan is provided in addition to such other benefits, which shall not constitute a part of this Plan.

**ARTICLE II
Definitions**

2.01 "Education" means any form of instruction or training that improves or develops the capabilities of an individual.

2.02 "Educational Institution" means an organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

2.03 "Benefits" means the value of educational assistance provided by the Employer that is excludable from a Participant's gross income under Code Section 127. Such assistance includes the payment, reimbursement, or waiver of tuition, fees, and similar expenses charged by an Educational Institution. Benefits shall not include the payment, reimbursement, or waiver of costs related to (a) tools or supplies that may be retained by the Participant after completion of an Educational Course (other than textbooks), (b) meals, lodging, or transportation incidental to taking an Educational Course, or (c) education involving sports, games or hobbies, unless such education involves the business of the University or is required as part of a degree program.

2.04 "Code" means the Internal Revenue Code of 1986, as amended.

2.05 "Educational Course" means a graduate course taken by the Participant under the University's tuition assistance policy or other professional development programs.

Educational Courses include graduate-level courses of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree. Educational Courses do not include courses that instruct the Participant in any sport, game, or hobby, unless such course is required as part of a degree program.

2.06 "Employer" means Wayne State University.

2.07 "Participant" means any employee eligible to receive benefits under the tuition assistance policy set forth in Section 3.4.1 of the Administrative Policy and Procedures Manual.

2.08 "Plan" means the Wayne State University Section 127 Educational Assistance Plan.

2.09 "Plan Administrator" means the Chief Financial Officer of Wayne State University or his/her designee.

2.10 "Plan Year" means the 12-month period commencing January 1 and ending on December 31.

ARTICLE III Eligibility

3.01 Every Participant is eligible to receive Benefits under the Plan, subject to the limitations set forth in Article IV below.

3.02 A Participant shall cease to be eligible to receive Benefits on the date that the person is no longer a Participant. If a Participant is subject to layoff, RIF or leave of absence, the Participant retains the Benefits under the Plan until the end of the semester in which eligibility terminates.

3.03 A Participant who resigns or is terminated as an employee of the Employer, or who otherwise ceases to be eligible to receive Benefits under the Plan, will forfeit the educational assistance benefit and the Participant will be responsible for payment of all charges for that term, including any registration fees.

3.04 The Participant must earn a passing grade of "C" or better. If a course taken results in a grade lower than a "C", the Benefits will be forfeited and the Participant will be responsible for payment of all charges for that term, including any registration fees.

ARTICLE IV Limitations on Benefits

4.01 Any Participant who receives during a Plan Year a scholarship, fellowship, or other financial assistance from any public or private source, including a qualified tuition reduction as defined in Code Section 117(d), shall be entitled to receive Benefits under

this Plan for the same Plan Year. Provided, however, that the amount of Benefits provided under this Plan may be reduced by the amount of the financial assistance received that, when combined with the Benefit, exceeds the total instructional and general fees for the academic term.

4.02 In no event shall a Participant be entitled to receive any Benefits under this Plan in lieu of cash or any other compensation that he or she might otherwise be entitled to receive from the Employer.

4.03 In any Plan Year during which a person is a Participant in the Plan, the Participant shall be eligible to receive Benefits under the Plan up to an amount of \$5,250 (or such greater or lesser amount as may be subsequently permitted under Code Section 127).

4.04 The Plan is intended not to discriminate in favor of highly compensated employees (as defined in Code Section 414(q)) as to eligibility to participate in the Plan or Benefit distributions from the Plan, and the Plan will in all respects comply with the requirements of Code Sections 127(b)(2) and (3) and the underlying Treasury regulations. If, in the judgment of the Plan Administrator, the operation of the Plan in any calendar year would result in such discrimination, then such Plan Administrator shall select and exclude from participation in the Plan such Participants as shall be necessary to ensure that, in the judgment of the Plan Administrator, the Plan does not discriminate.

4.05 If any Benefit under this Plan becomes taxable, whether as a result of nondiscrimination tests or payment of Benefits in excess of statutory limits, any employment tax withholding owed with respect to the taxable portion of any Benefit shall be deducted from the Participant's other compensation in the same calendar year in which the Benefit is provided.

ARTICLE V Plan Administrator

5.01 The Plan Administrator shall have authority and responsibility to take any reasonable actions necessary to control and manage the operation and administration of this Plan under rules applied on a uniform and nondiscriminatory basis to all Participants.

5.02 The Plan Administrator shall give reasonable notice of the availability and terms of the Plan to such persons who are eligible to be Participants.

ARTICLE VI Miscellaneous

6.01 All Benefits provided under this Plan shall be funded by the Employer in a manner that the Employer deems appropriate.

6.02 This Plan may be amended or terminated at any time by the Employer, provided, however, that any termination or amendment shall not affect the right of any Participant to claim an award for which he or she may have qualified prior to such termination or amendment.

6.03 The Vice President for Finance and Administration shall be responsible for preparing and filing any Federal or State information returns required to report any information concerning the Plan.

6.04 This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant. Nothing contained in this Plan shall be deemed to give any Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant at any time regardless of the effect that such discharge shall have upon him or her as a Participant of this Plan.

6.05 This Plan shall be construed and enforced according to the laws of the State of Michigan, other than its laws respecting choice of law, to the extent not preempted by any federal law.

6.06 This document sets forth the entire Plan. Except as provided in this Plan, no other employee benefit plan, which is, or may hereafter be, maintained by the Employer shall constitute a part of this Plan.

FORM APPROVED

Amy Rodriguez

OFFICE OF THE
GENERAL COUNSEL

2/11/13