

Adoption Assistance

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Original Issue Date: January 1, 2019	Rev. Date: Rev. Letter:

1.0 Purpose / Scope

It is the policy of BorgWarner Inc. and its subsidiaries (“Company”) to support our employees who are building families through adoption. Our Adoption Assistance program provides partial reimbursement toward the costs of assuming parental responsibility for an unmarried child.

2.0 Applicability

To qualify for Adoption Assistance under this Policy, the Employee must be actively employed or on approved leave for at least six months prior to the time the adoption is finalized. Eligible expenses must have been incurred in the six month period prior to or after adoption of the child. Employee must be classified as a U.S. Full-time, Non-union Employee. An eligible employee may apply for assistance when they adopt a child under the age of 18. If the adoptive parents are both Company employees, only one employee is eligible for reimbursement per child adoption. The child being adopted cannot be the child of an employee’s spouse (step-child) or domestic partner.

3.0 Definitions

- Full-time Regular Employee - A US-based employee with a minimum of 6 months of service with the Company whose regular scheduled work week is more than 30 hours per week, including a US based employee on assignment outside of the US. This policy excludes employees who are on a temporary lay-off status of less than 30 days at time of the adoption.
- Adoptive parent – employee with a permanent court appointment through which the adopting parent assumes all parental rights and obligations. The birth parents are no longer the legal parents of the child.

4.0 Benefit

- BorgWarner will reimburse an eligible employee for qualified adoption expenses up to \$5,000 per finalized adoption, not to exceed a lifetime benefit of \$10,000 per employee.
- An application for assistance must be submitted no later than 90 days after the official date of the adoption. Employee will receive the reimbursement for allowable and approved expenses in their pay. Reimbursements are subject to certain taxes.
- Eligible expenses
 - Reasonable and necessary expenses for the legal adoption of an eligible child consistent with current federal income tax guidelines, such as:
 - agency and placement fees
 - court costs and legal fees
 - medical expenses for the child not otherwise covered by insurance
 - temporary foster care provided before placement of the child in your home during the adoption process
 - immigration and immunization fees

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- Reasonable and necessary transportation and lodging associated with the adoption
- Expenses not eligible for reimbursement
 - Any adoption that takes place prior to the date of employment
 - Surrogate parent expenses
 - Expenses associated with establishing legal guardianship
 - Expenses paid using funds received under another federal, state, or local program or from another employer or party
 - Expenses allowed as a credit or deduction under any other federal income tax rule
- Upon termination of employment, an employee will not be eligible for reimbursement under this policy.

It is intended that this Policy meet the criteria and conditions set forth in Section 137 of the Internal Revenue Code pertaining to adoption assistance programs.

[IRC 137](#)

5.0 PROCEDURE

- Complete an Adoption Assistance Form and submit the form with documents substantiating the finalization of the adoption, the qualified expenses, and the dates on which the expenses were incurred.
- Submit your application for reimbursement no more than 90 days after the date that the adoption is finalized.
- Reimbursements are processed by the HR Link team and approved expenses are paid out in your paycheck.
- Reimbursements are subject to certain taxes as explained below.

6.0 TAX INFORMATION

- FICA and FUTA taxes will be withheld consistent with applicable federal and state regulations.
- Federal and state income tax will not be withheld.
- The Adoption Assistance Program has been designed to take advantage of the current federal income tax provisions, and certain tax benefits may be available, depending on your modified adjusted gross income (MAGI). Tax regulations are subject to change.
- Reimbursements under the program will be reported in Box 12 of your W-2 form.
- You are responsible for accurately reporting Adoption Assistance Program reimbursements to federal, state, and local tax authorities.

As is the case with all Company Policies, BorgWarner reserves the right to modify at any time by the issuance of a revised policy, or terminate this policy.

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APPROVALS

Policy Committee

Corporate**REVISION HISTORY**

Rev.	Date	Description