

## 203 – Education Assistance Program

### Company Policy – HR (United States and Canada)

#### Purpose

Avnet, Inc. ("Avnet") is committed to enabling all employees to reach their full career potential and encourages ongoing education. Avnet has established the Avnet Education Assistance Program (the "Program") for the exclusive benefit of its employees to provide financial assistance to employees who wish to pursue undergraduate or graduate degrees. This policy defines the benefits and basic requirements of the Program. It is intended that this Program meet the requirements for qualification under Section 127 of the Internal Revenue Code, and that benefits paid to employees under the Program be excludable from gross income to the maximum extent allowed under Code Section 127.

#### Eligibility

Education assistance is available to full-time and part-time Avnet employees in the United States and Canada who are on active payroll at the time of course enrollment and completion, with the exceptions described below. Interns and temporary employees are not eligible.

Employees must wait one year before becoming eligible to participate in the program. An employee will satisfy the one-year eligibility requirement if the last day of the course(s) in which the employee is enrolled is after the one-year anniversary of the employee's date of hire.

Before the start of the course, reimbursement will not be approved for employees on an active Performance Improvement Plan (PIP) and/or have received a Corrective Action in the past six months (excluding verbal warning).

#### Policy

##### **Course Requirements**

To be eligible for reimbursement, a course must be taken for college or university grade and credit at an accredited and approved college or university or comparable institution of higher learning. Distance learning courses meeting these requirements also qualify for reimbursement.

Unless required as part of an approved degree program, courses that do not relate directly to career development or to job performance, or that do not have the required accreditation, generally, will not qualify for reimbursement. The employee's manager is responsible for determining the applicability of a course of study to the employee's job/career path.

Examples of non-qualifying courses include, but are not limited to:

- Classes leading to a medical degree
- Courses leading to a law degree (if not job related)
- Courses that grant only continuing education units (CEUs)
- Courses for hobbies and outside interests
- Workshops, seminars, certification programs or forums, unless given for a grade and academic credit by an accredited college or university\*

To be reimbursed, an employee must receive a minimum passing grade for a course. A "passing grade" is a "C" for undergraduate courses and a "B" for graduate courses, unless the course is "Pass/Fail", in which case a "Pass" grade is acceptable.

*\*Non-degree programs or courses may be eligible for reimbursement through a department's budget.*

## Reimbursement

Subject to the course requirements outlined above, Avnet will reimburse costs for Tuition, Lab Fees, Textbooks, College Level Examination Program ("CLEP"), and certain fees (as defined below) as follows:

- up to \$5,250 per calendar year for undergraduate studies for a full-time employee,
- up to \$7,000 per calendar year for graduate degree programs for a full-time employee,
- up to \$2,625 per calendar year for undergraduate studies for a part-time employee, and
- up to \$3,500 per calendar year for graduate degree programs for a part-time employee.

The calendar year maximum for a full-time employee is \$7,000 and for a part-time employee is \$3,500.

Reimbursements for courses are applied against the calendar year maximum based upon the year in which the course is completed.

Example: A course is completed on December 15, 2015 and submitted for reimbursement on February 1, 2016. In this example, reimbursement for the course would be applied to the 2015 calendar year maximum. If the calendar year maximum had already been met for 2015, the costs associated with this course would not be reimbursable.

Employees must provide substantiation to Avnet in the form of receipts, syllabi, bills, transcripts, or other documentation that enables Avnet to verify that the expenses qualify for reimbursement under the Program.

## Government Benefits, Grants, and Scholarships

An employee who is eligible for benefits under the Veteran's Administration, G.I. Bill (United States), government grant, school scholarship, or similar program must use those funds before being eligible for Avnet assistance. These non-Avnet funds may be applied first to education costs not covered by Avnet. Any remaining non-Avnet funds must be applied to education costs covered by Avnet prior to receiving any assistance from Avnet.

## Tax Withholding

In general, reimbursements up to \$5,250 per calendar year will not be subject to U.S. federal income tax, FICA (Social Security and Medicare tax), or FUTA (federal unemployment tax) withholding. (Special rules apply for anyone who owns more than 5% of the outstanding shares of Avnet stock on any day during the calendar year.) However, education assistance payments in excess of \$5,250, whether for Undergraduate or Graduate courses, in any calendar year are subject to U.S. federal income tax, FICA (Social Security and Medicare tax), and FUTA (federal unemployment tax) withholding.

Avnet will not "gross up" the reimbursement amount to cover any required taxes or tax withholding.

The rules described above apply only for U.S. federal income tax purposes. Tax treatment under state and local tax laws, and in foreign jurisdictions, is not addressed in this policy.

Note: All employees are advised to review the potential tax liability associated with receiving education assistance. The tax treatment of education assistance payments is subject to change from time to time.

### Applying for Reimbursement

Employees must work with their manager prior to enrolling in a course(s) to ensure that the course will be eligible for reimbursement.

Employees must request reimbursement within 90 days of course completion. Requests made after 90 days or costs that fall outside policy guidelines will not be approved.

Managers are responsible for submitting Education Assistance Approval Forms and required documentation to the Benefits department. Forms received by the end of business on the Friday before the pay period ends, will be included in the employee's next paycheck. Otherwise, the reimbursement will be deferred until the next scheduled payroll. The Benefits department will review and forward approved requests to Payroll for reimbursement and processing of potential or applicable tax withholdings.

Employees participating in the Program and managers approving Program participation must consistently adhere to the outlined procedures.

Employees are expected to arrange academic schedules to minimize interference with job duties and assignments. If core or required classes are unavailable during non-working hours, managers may authorize time off from work, on an exception basis, in order to allow an employee to attend classes. This practice is not encouraged and will be closely monitored to ensure equity in application and minimal workplace disruption.

### Repayment upon Termination

Employees who voluntarily terminate employment within 12 months of receiving Education Assistance Program reimbursements will be held responsible for repaying those reimbursements to Avnet at termination. The amounts shall be withheld from the employee's final paycheck when allowable by law. Employees must pay Avnet, by check, any balance owed that cannot be withheld from their final paycheck(s), within two weeks of termination. Reimbursements are considered received on the date the reimbursement check is received.

### Summary of Responsibilities

<b>Employee</b>	Identify courses that are job related and eligible for college grades and credits
<b>Employee</b>	Complete the Education Assistance Approval Form
<b>Employee</b>	Take form to immediate manager for approval before the start of the course
<b>Manager</b>	Review completed Education Assistance Approval Form against the policy
<b>Manager</b>	Notify employee of decision and confirm that the course(s) selected and approved adhere to the guidelines of the policy

<b>Employee</b>	Hold Education Assistance Approval Form until completion of approved course(s)
<b>Employee</b>	Within 90 days of course completion, provide immediate manager with completed Education Assistance Approval Form, grade report, and documented expenses
<b>Manager</b>	Review employee's grades and expense documentation and submit to <a href="mailto:benefits@avnet.com">benefits@avnet.com</a> after approving
<b>Benefits Department</b>	Review documentation for completeness and provide reimbursement consistent with the policy, submit to Payroll for payment

### **Definitions**

**Tuition** – Tuition is defined as the total cost per semester hour or quarter hour for a covered course, including any fees required for registration.

**Lab Fees** – Lab Fees are defined as those costs directly related to, required by and identified in the course syllabus or course description. To be eligible for reimbursement, the syllabus or course description identifying the required costs must be submitted with the reimbursement request.

**Textbooks** – Textbooks are defined as those books, manuals, and materials specifically required for the course as identified in the course syllabus. To be eligible for reimbursement, the syllabus must be submitted with the reimbursement request. Optional but not required texts will not be covered.

**CLEP** – The College-Level Examination Program, including study materials and associated tests.

**G.I. Bill** - The Servicemen's Readjustment Act of 1944, known informally as the G.I. Bill.

### **Administration and Review**

The program will be administered by Avnet's Human Resources Vice President (EM/TS/CSG/Logistics), who is authorized and empowered to issue uniform rules and adopt forms to be used in carrying out the purposes of the Program. The Vice President will determine all questions arising from the interpretation of the terms and conditions of this Program.

Any exceptions to the policy outlined herein require approval from the business unit Human Resources Vice President. To the extent permitted by law, any interpretation of the Program and any decision by the Avnet's Human Resources Vice President is binding on all persons.

Employees with questions about the Program should contact their manager, their human resources business partner, or the Benefits department at 800-882-8638, option #4.

### **General**

No provision of this or any other Avnet policy or procedure will be construed as an employment agreement.

### **Continuation of the Program**

Avnet reserves the right to amend or terminate the Program, in whole or in part, at any time, without notice, and for any reason. Any such amendment may be retroactive or prospective.

# Education Assistance Approval Form

Before enrolling in courses and/or a degree program, you must obtain written pre-approval from you manager (email is acceptable).

Employee Name: \_\_\_\_\_ Employee ID: \_\_\_\_\_

Hire Date: \_\_\_\_\_ Part-Time Employee ☐ Full-Time Employee ☐

Name of Educational Institution: \_\_\_\_\_

Course of Study/Degree Program: \_\_\_\_\_

Undergraduate ☐ Graduate ☐

How would this course/degree improve your performance in your current Avnet position?

Course(s) Start Date: \_\_\_\_\_

Course(s) End Date: \_\_\_\_\_

This section to be completed prior to enrolling in course						This section to be completed upon course completion				
Course Title/Course #	Credit Hours	Est. Tuition Cost	Est. Lab Fees	Est. Textbook/ CLEP Material Cost	Manager's Pre-Approval (review note below before approving)	Grade Rec'd A, B, C or Pass/Fail *	Actual Tuition Cost *	Actual Lab Fees *	Actual Textbook/ CLEP Material Costs *	Total
Total Requested Reimbursement										

**Manager's Pre-Approval Note:**

When pre-approving courses, ensure all courses apply directly to employee's current position or are a requirement of a degree program employee is pursuing that applies to the current position. It is your responsibility to request a course description or course of study to ensure this requirement is met. Courses must be taken for a grade and college credit at an accredited college or university or comparable non-U.S. institution of higher learning. All Education Assistance reimbursements are charged back to your department. **Before the start of the course, reimbursement will not be approved for employees on an active Performance Improvement Plan (PIP) and/or have received a Corrective Action in the past 6 months (excluding verbal warning).**

**Employee - Upon Course Completion:**

I certify that I have completed the above listed courses, received the grade noted above and the actual costs listed were not paid by the G.I. Bill, scholarship, grant, or similar program. In the event I voluntarily terminate my employment with Avnet, I authorize Avnet to apply any monies owed to me from my final paycheck(s) to any education reimbursements I have received in the 12 months prior to my termination and further agree to pay any balance owed per the Education Assistance Program Policy.

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Manager - Upon Course Completion:**

I, as approving manager, certify I have verified the employee's grades, actual tuition costs, lab fees and textbook/CLEP material costs for the above listed courses. I also certify that I have reviewed and approved the courses and/or degree program and have determined that it is applicable to my employee's job. ***Submit completed form (along with copies of all applicable receipts, grades, and pre-approval) within 90 days of course completion to [benefits@avnet.com](mailto:benefits@avnet.com).***

Manager's Signature: \_\_\_\_\_ Date: \_\_\_\_\_