Advocate Health Education Assistance Program

Advocate Health's Education Assistance program offers enhanced financial assistance and advising for eligible teammates who pursue continued education while employed with Advocate Health. The program covers education that applies to improvement or enhancement of a teammate's knowledge, skills, or current/next position with Advocate Health.

Teammates are encouraged to use the Education Assistance program to advance their education and professional development. However, enrollment in an approved course of study or degree is voluntary and use of the educational assistance plan benefit does not obligate Advocate Health to promote, reassign or reward the participant.

This program applies to Advocate Health, Inc. and any entity or facility owned and controlled by Advocate Health. Advocate Health reserves the right to terminate or amend this Education Assistance program at its sole discretion.

Program definitions can be found in the Appendix of this policy beginning on page 6.

The Advocate Health Educational Assistance Program is intended to be a qualified educational assistance program under section 127 of the Internal Revenue Code (the "Code"). The purpose of this program is to provide Educational Assistance to Eligible Employees of Advocate Health, Inc. and its Affiliates (collectively, "Advocate").

Section 127 of the Code provides that the gross income of an employee does not include amounts paid or expenses incurred by the employer for educational assistance to the employee, up to the annual limit described in section I, if the assistance is furnished pursuant to an educational assistance program under section 127 of the Code.

The benefits provided under this program consist solely of the specified types of Educational Assistance. If an Eligible Employee receives Educational Assistance under this program that exceeds $5,250 (adjusted for increases in the cost of living for taxable years after 2026) in a calendar year, the excess amount shall be subject to federal income tax and applicable federal employment taxes, unless the Educational Assistance qualifies as a working condition fringe benefit under section 132 of the Code or is excludable under another section of the Code.

The Internal Revenue Code contains provisions that impact the taxability of student loan payments made on behalf of a teammate through the organization's participation in Student Loan Support. The CARES Act of 2020 allows for student loan payments, along with educational assistance payments, to be treated as tax-free up to a combined annual calendar-year limit of $5,250. Any payments received from either student loan or educational assistance benefit programs will be taxable to the participating teammates after reaching the $5,250 tax-free amount in a calendar year. The §127 exclusion for employer student-loan payments is permanent and remains available beyond 2025; the annual $5,250 cap applies (indexed for inflation beginning 2026). Amounts above the applicable annual cap are taxable.

I. Educational Assistance

All educational programs must be related to the teammate's current job or an established career path within Advocate Health.

- **Clinical and non-clinical degree programs** must result in the award of a General Education Development diploma (GED), Associate's, Bachelor's, Master's, Doctoral, or Juris Doctor (JD).
- **Certificate programs** include a bundled number of courses that result in a certificate of completion and demonstration of mastery in a particular area (can be both academic and professional).
    - All courses related to a degree or academic certificate program must be provided by a US institution accredited by an agency recognized by the US Department of Education as an Institutional Accreditor. School accreditation can be verified via the U.S. Department of Education's Office of Post-secondary Education (OPE) website: https://ope.ed.gov/accreditation/Search.aspx

- **Continuing education** includes individual short courses, CEUs or certifications related to the teammate's current job or an established career path within Advocate Health.
    - Continuing education must be delivered by a provider that holds appropriate accreditation and is authorized to issue industry-recognized credentials, including professional associations or certifying bodies.

Education Program	Maximum Annual Benefit	Eligibility	Covered Expenses
InStride Upfront Tuition	$5,250 FT / $2,625 PT	FT & PT; PRN not eligible	Tuition (incl. fees, exams, books invoiced with tuition)
Tuition Reimbursement	$5,250 FT / $2,625 PT	FT & PT; PRN not eligible	Tuition, exams, books, course-related fees
Continuing Education Reimbursement	$1,500	FT, PT & PRN	CEU course fees, exam fees, registration fees
Clinical Certification Direct Pay Program	$5,250 FT / $2,625 PT	FT & PT; PRN not eligible	Certification exams, prep courses, required study materials
Advocate Health Direct Pay Program	$5,250 FT / $2,625 PT	FT & PT; PRN not eligible	Tuition, exams, books, course-related fees
Nursing Preferred Partner Program	$7,500* FT / $3,750 PT	FT & PT; PRN not eligible	Tuition, exams, books, course-related fees
Workforce Development Upskilling Program	$5,250	FT, PT & PRN *Pre-selection required*	Tuition, exams, books, course-related fees
Legacy Direct Pay	$5,250 FT / $2,625 PT	Previously enrolled; closed to new enrollments	Tuition, exams, books, course-related fees

**Tax gross-up is provided on amounts above $5,250 for the Nursing Preferred Partner program only.*

Teammates may participate in multiple programs concurrently. When Continuing Education is combined with a degree program, the total benefit is capped at $5,250 (Full-time) / $2,625 (Part-time) annually; amounts above this limit are ineligible for coverage and taxable to the teammate.

II. Teammate Eligibility

The eligible teammates covered under this program include the following:

- Active, full-time (FT) and part-time (PT) teammates
- PRN teammates are eligible where specifically outlined
- New teammates will be eligible to participate upon hire

Temporary teammates are not eligible to participate.

Teammates on leave are eligible to receive reimbursement for successfully completed courses on an application that was previously approved but are not eligible to submit new applications for subsequent terms while on leave.

A teammate must meet the eligibility criteria at the time of application submission and payment processing. If a teammate changes standard work hours between the start of the course and the end of the course, it may affect eligibility for this benefit.

- The Education Assistance benefit is designed for current eligible teammates and specific education. Therefore, it cannot be used for courses that a teammate started prior to being employed by Advocate Health.
- Likewise, this benefit is not available if a teammate ends their employment relationship with Advocate Health before their course end date or before their request for reimbursement is approved for payment.

III. Approvable Expenses

Eligible expenses are covered up to the annual benefit amount for the calendar year in which the course was reimbursed. The applicable annual limit is enforced within each "Plan Year," which is defined as January 1 through December 31.

IRS Tax Code Section 127 explicitly **excludes** the following from the definition of eligible educational assistance benefits.

- Meals, lodging, transportation and tools, hardware, or supplies (other than textbooks) that can be kept after completing the course of instruction
- Individual courses for sports, recreation or hobbies, unless part of a degree program

Approvable Expenses include:
Tuition, exams, books, and fees, according to the above table

Non-approvable Expenses include but are not limited to:
• Programs of study that are not job-related or are not part of a career path within Advocate Health • Background check fees, drug screening fees, and insurance-related fees • Licensure renewal fees, DEA fees, and other standalone regulatory or membership fees • Private tutoring or audited courses • Seminars, conferences, or workshops that do not result in educational completion • Programs provided by institutions or providers located outside the United States or its territories

Physicians and APPs may not use Education Assistance funds for CME eligible clinical education. CME funds may be used for:

- Accredited CME activities required for medical licensure or board certification
- Specialty specific clinical education
- Clinical conferences, courses, or training programs that meet CME accreditation standards
- Education directly tied to clinical practice, scope of care, or procedural competency

Teammates receiving educational grants, scholarships, military benefits, or discounts must disclose all such financial assistance and provide documentation of how the funds were applied.

- Funds received from such sources will be deducted first from any expenses not covered under the program. Any remaining funds received will be deducted from eligible tuition and fees.
- Financial Aid received in the form of student loans will not be deducted.

Financial Aid File Recommendation *(Undergraduate degrees only)*

Eligible teammates who are participating in an undergraduate degree program are strongly recommended to have a complete financial aid file with their college or university, which includes submitting a Free Application for Federal Student Aid (FAFSA) and any supporting documentation requested by the university's Financial Aid office.

IV. Application Procedure

To be eligible to receive education assistance, a teammate is required to submit a course approval application for each semester or academic term, or at the start of any continuing education course or CEU.

Applications are reviewed for policy compliance by the program administrator, who has complete discretion to interpret the plan/program and to approve or deny applications for eligibility and/or reimbursement.

Application Submission Requirements

Applications are required to be submitted **within 30 days** of the course start date.

In compliance with IRS regulations (section 127), employer provided educational assistance are exempt from taxation up to the maximum limit per calendar year.

- Taxes will be assessed if, at the time of payment processing, the total amount of tuition assistance paid in the calendar year exceeds the maximum limit. Please consult with your tax advisor for additional information.
- For the Nursing Preferred Partner program, Advocate Health will cover up to $7,500 in tuition and will gross-up applicable taxes on behalf of the teammate.

Direct Pay Program Guidelines

Includes Advocate Health Direct Pay Program, Nursing Preferred Partner Program, Workforce Development Upskilling Program, Legacy Direct Pay Program and Clinical Certification Direct Pay Program

- Upon application approval, the teammate is responsible for making all required payments directly to the approved school in the application.
- Teammates are required to submit proof of course completion (grades) and completed invoices / receipts for tuition and fees under Direct Pay programs **within 60 days** before they are eligible to open a new application or request additional funds.
    - Teammates returning from leave must submit all required reimbursement documentation **within 45 days** of their return-to-work date.
- Teammates must submit supporting documentation, regardless of the grade received, in order to close out the application.
- Teammates enrolled in any Direct Pay program can submit book expenses on the same application where they request funds for tuition.
- Direct Pay benefits count toward the same annual cap as all other education assistance programs.
- Teammates may use Direct Pay in combination with CEU and Traditional Reimbursement benefits within the same benefit year, provided the combined total does not exceed their annual cap.
- Financial aid received in the form of student loans is not eligible for payment under these programs.

InStride Upfront Tuition Program Guidelines

- The annual benefit is capped at $5,250 for Full-time teammates, $2,625 for Part-time teammates, $7,500 for full-time teammates in nursing-related degree programs, and $3,750 for part-time teammates in nursing-related degree programs.
- InStride benefits count toward the same annual cap as all other education assistance programs.

- Teammates may use InStride Upfront Tuition in combination with CEU and Traditional Reimbursement benefits within the same benefit year, provided the combined total does not exceed their annual cap**.**
- Tuition (incl. fees, exams, and books invoiced with tuition) are billed directly to Advocate Health through InStride for the InStride program. Teammates do not need to complete a separate application to receive tuition coverage, other than any required by the academic institution (e.g., for admissions). No pre-payment or reimbursement process is required.
- Teammates are not required to submit proof of course completion (grades) or completed invoices/receipts for tuition and fees under the InStride Program.

Reimbursement Program Guidelines

Includes the Tuition Reimbursement and Continuing Education Reimbursement programs

- Upon application approval, the teammate is responsible for making all required payments directly to their school or academic provider and will be reimbursed for eligible expenses upon successful course completion.
- The teammate is responsible for submitting proof of successful course completion (numeric grade, passing status, or certificate of completion) and an itemized invoice for tuition and fees and proof of payment **within 60 days** after course completion in order to receive reimbursement.
    - Teammates returning from leave must submit all required reimbursement documentation **within 45 days** of their return-to-work date.
- Advocate Health offers this benefit in partnership with teammates giving their fullest efforts in a course. Graded courses must receive a grade of “C” or higher (C- is eligible) in order for the teammate to receive the benefit. All other courses must be completed with a “pass” if applicable.
- Teammates must submit supporting documentation, regardless of the grade received, in order to close out the application.
- Continuing Education benefits are limited to $1,500 annually and are not in addition to the general cap but count toward the teammate’s annual maximum. All benefit payments are applied up to the teammate’s remaining annual limit.

V. Work Commitment

As a condition for the payment by Advocate Health of Covered Expenses under this Educational Assistance plan benefit, the teammate must agree to remain, and must remain, employed by Advocate Health, for a minimum of one (1) year (12 continuous months) after any reimbursement is paid.

A teammate who voluntarily terminates employment or is terminated for cause within one (1) year of receiving educational assistance will be required to refund Advocate Health a prorated amount of the payments received within that time period.

- The prorated amount will be calculated by the number of months remaining to fulfill the one (1) year (12 continuous months) work commitment compared to the amount of educational assistance funds received.

Teammates are exempt from the work commitment if their employment is involuntarily terminated for reasons other than cause or performance.

Appendix

VI. Definitions

1. "**Code**" means the Internal Revenue Code of 1986, as amended.
2. "**Education**" means education as defined in Treasury Regulation § 1.127 2(c)(4). "Education" means any form of instruction or training that improves or develops the capabilities of an individual. "Education" is not limited to courses that are job-related or part of a degree program. Education paid for or provided under this program may be furnished directly by the Employer, either alone or in conjunction with other employers, or through a third party such as an Educational Institution.
3. "**Educational Assistance**" means educational assistance as defined in section 127(c)(1) of the Code and Treasury Regulation § 1.127-2(c). "Educational Assistance" includes the payment by the Employer of expenses incurred by or on behalf of an Eligible Employee for Education of the Eligible Employee or the provision by the Employer of Education to an Eligible Employee. Expenses for Educational Assistance include, but are not limited to, tuition, fees, and similar payments, and books, supplies, and equipment. "Educational Assistance" includes the provision, by the Employer, of courses of instruction for an Eligible Employee (including books, supplies, and equipment), but does not include payment for, or the provision of, tools or supplies (other than textbooks) that the Eligible Employee may retain after completing a course of instruction, or meals, lodging or transportation. "Educational Assistance" also does not include any payment for, or the provision of any benefits with respect to, any course or other Education involving sports, games, or hobbies, unless such Education involves the business of the Employer or is required as part of a degree program. "Educational Assistance" also means the payment by the Employer, whether paid to an Eligible Employee or to a lender, of principal or interest on any Qualified Education Loan incurred by the Eligible Employee for the Education of the Eligible Employee. The types of Educational Assistance covered by this program are specified in Section I.
4. "**Educational Institution**" means a school maintaining a regular faculty and established curriculum, and having an organized body of students in attendance as defined in Treasury Regulation § 1.151-3. It includes primary and secondary schools, colleges, universities, normal schools, technical schools, mechanical schools, and similar institutions (including some vocational schools and post-secondary educational institutions), but does not include non-educational institutions, on-the-job training, correspondence schools, and night schools.
5. "**Eligible Educational Institution**" means any college, university, vocational school, or other post-secondary educational institution that is (1) described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) as in effect on August 5, 1997, (generally all accredited public, nonprofit, and proprietary postsecondary institutions), and participating in a federal financial aid program under title IV of the Higher Education Act of 1965 or is certified by the Department of Education as eligible to participate in such a program but chooses not to participate or (2) an institution conducting an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility which offers postgraduate training. See sections 221(d)(2) and 25A(f)(2) of the Code.
6. "**Eligible Employee**" means an employee who is currently employed by the Employer. Eligible Employees covered under this program are specified in Section II.
7. "**Employer**" means Advocate Health.
8. "**Program Year**" means the 12-month period beginning January 1 and ending on December 31.

9. "**Qualified Education Loan**" means a loan, as defined in section 221(d)(1) of the Code, that is for education at an Eligible Educational Institution.
10. **Degree Programs** means clinical and non-clinical programs that result in the award of a General Education Development diploma (GED), Associate's, Bachelor's, Master's, Doctoral, or Juris Doctor (JD).
11. **Certificate programs** include a bundled number of courses that result in a certificate of completion and demonstration of mastery in a particular area (can be both academic and professional).
12. **Tuition Reimbursement** is the reimbursement of tuition expenses after course completion.
13. **InStride Academic Partner Network** is a curated set of academic institutions that have entered into agreements with InStride to provide high-quality, career-aligned education programs. These partners offer online degrees, certifications, and skill-building courses accessible through the InStride platform.
14. **InStride Upfront Tuition** provides upfront payment for tuition costs for programs within the InStride Academic Partner Network through the InStride platform.
15. **Direct Pay Program** is for teammates enrolled in schools outside of InStride's Academic Partner Network.
16. **Direct Pay** means the payments made and facilitated by InStride on behalf of Advocate, to Advocate employees to pay academic partners outside of the InStride Academic Partner Network.
17. **Nursing Preferred Partner** provides enhanced tuition support for nursing programs through preferred partners.
18. **Workforce Development Upskilling Pathways** include dedicated Workforce Development programs, typically requiring a pre-application and acceptance process.