

Morgan Stanley

Adoption and Surrogacy Assistance Program



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The Adoption and Surrogacy Assistance Program (the “Program”) helps eligible employees and their families by reimbursing eligible adoption-related and surrogacy-related expenses.

This booklet describes the provisions of the Program as of January 1, 2023, and is the official Program document. If there is any conflict between any other materials, including any electronic, verbal or written representation, and this official Program document, this official Program document controls. Morgan Stanley Domestic Holdings, Inc. (or its delegate) reserves the right to amend or discontinue the Program at any time, including to curtail benefits for some or all covered individuals.

The information contained in this document is general in nature, is not individual tax advice and may not be used to avoid any tax or tax penalty. Tax laws are complex and may change, and their application may vary based on the circumstances. Morgan Stanley, its benefit plans and their service providers do not provide tax or legal advice. You are responsible for consulting your own advisors.

Morgan Stanley and its benefit programs are not responsible for any data errors or processing delays. The program administrator may correct any errors at any time. If you notice an error, you must contact HR Services immediately. If you do not contact HR Services immediately to correct any errors, you may not do so at a later date, and you may be entitled only to those benefits shown on the confirmation statement and/or the website. Check your confirmations and statements to ensure that your elections are correctly reflected.

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Morgan Stanley Overview

The Firm offers a Family Building lifetime benefit of up to \$75,000 per employee to help employees cover the cost of fertility, adoption, and/or surrogacy expenses. Fertility services are covered under the Morgan Stanley Medical Plan through Cigna and UnitedHealthcare; see the *Health and Insurance Summary Plan Description* for coverage details. Adoption and Surrogacy expenses are covered subject to the details outlined in this document.

The \$75,000 lifetime benefit per employee applies across fertility, adoption and surrogacy; meaning, employees are limited to a total benefit of \$75,000 from any combination of fertility, adoption and surrogacy services.

Note that any fertility, adoption or surrogacy expenses covered or reimbursed by the Firm prior to 1/1/2023 will count towards the \$75,000 benefit limit.

In addition to financial support, the Firm offers adoption and surrogacy resources through Maven Clinic. Employees will be connected to a Care Advocate who can guide you through the process, curate a list of adoption/surrogacy agencies, connect you with experts such as genetic counselors, and provide on-demand mental health support.

To register, download the Maven app or visit <https://www.mavenclinic.com/join/morganstanley>

Note: Fertility benefits are available to employees and their dependents enrolled in the Morgan Stanley Medical Plan (the “Plan”) administered by UnitedHealthcare and Cigna. Eligible fertility expenses incurred under the Plan through Cigna or UnitedHealthcare, will be processed according to the Plan’s provisions, and will automatically be applied towards your \$75,000 lifetime maximum (members are responsible for paying their deductible and coinsurance for all fertility claims; these out-of-pocket costs are not eligible for reimbursement through the family building benefit and will not be applied toward the lifetime maximum).

Eligibility

You may receive payments from Morgan Stanley’s Adoption and Surrogacy Assistance Program if you are actively employed and a U.S. benefits-eligible employee of Morgan Stanley, which is defined as:

- A full-time salaried employee;
- Hourly employees scheduled to work 50 percent of the standard work week or a minimum of 20 hours per week;
- A part-time salaried employee regularly scheduled to work at least 50 percent or more of the standard full-time work week;
- A former retiree (at least age 55 with five years of service at termination) who has been rehired as a salaried employee and is regularly scheduled to work at least 25 percent of the standard full-time work week;
- An hourly employee hired and enrolled in benefits before July 1, 2004; or
- An hourly employee who transferred directly from Citigroup in connection with the creation of Morgan Stanley Smith Barney in 2009 (or was a Delayed Transfer Individual who transferred after 2009), but only if the employee was eligible to participate in the Citigroup health and insurance plans immediately before his/her transfer date.

WHO EITHER:

- Lives in the U.S.; or
- Is a U.S. expatriate or a U.S. benefits-eligible international employee.

The determination of whether or not an individual is a U.S. benefits-eligible employee shall be made by the Program Administrator in his/her sole discretion.

Individuals who are: (a) classified by Morgan Stanley or its affiliates as non-U.S. benefits-eligible workers, interns, summer associates, contingent workers, leased workers, independent contractors or consultants, regardless of whether or not such classification is subsequently upheld for any purpose by a court or federal, state or local administrative authority; (b) covered by a collective bargaining agreement with respect to which Morgan Stanley or an affiliate is a party, unless such agreement provides for participation in the Program; (c) hired in connection with an acquisition

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agreement entered into on or after January 1, 2006, unless such agreement provides for participation in the Program; or (d) certain transferees from Citigroup to Morgan Stanley Smith Barney who were not benefits eligible upon transfer, are not eligible to participate in the Program.

Payment of Benefits

If you are a U.S. benefits-eligible employee, you may be reimbursed for eligible qualified adoption or surrogacy expenses if you:

- Are an active employee (including employees on an unpaid leave) and eligible for U.S. benefits at the time the qualified adoption or surrogacy expenses are incurred;
- Incur qualified adoption or surrogacy expenses (as described in the Qualified Expenses section);
- Adopt a child under 18 years of age or who is physically or mentally incapable of caring for himself or herself (does not apply in the case of surrogacy);
- Are in “good standing” with the Firm as determined by the Program Administrator, including that you have not provided notice of your resignation or been provided with notice of termination of your employment; and
- Submit the proper forms and reimbursement request within six months following the date the adoption is finalized or within six months following a completed surrogacy event (as defined below) and before your employment termination date.

Adoption Notes:

Note: Any expenses for a domestic or foreign adoption will be eligible for reimbursement only when the adoption is finalized.

- A domestic adoption is considered finalized when an adoption decree or certificate has been issued by the court.
- For a foreign adoption, a foreign adoption is generally “final” when (1) a competent authority of a foreign-sending country has (a) entered a decree of adoption with respect to the foreign-born child or (b) has authorized the child to leave the foreign-sending country under a guardianship or legal custody arrangement; and (2) the child receives an IR

Visa (an adoption visa) from the U.S. State Department.

See IRS Revenue Procedure 2005-31 available at www.irs.gov for more information.

Note: If both adoptive parents work for Morgan Stanley, only one parent is eligible to receive reimbursement for each expense.

Surrogacy Notes:

- Surrogacy-related reimbursement shall be provided following a “completed surrogacy event”, defined as a live birth or failed surrogacy arrangement (e.g., unsuccessful pregnancy or failed surrogate IVF cycle or a discontinuance of the surrogacy process due to the surrogate’s documented medical reason (s)).
- The Surrogacy benefit is available to Morgan Stanley employees who enter into a legal agreement with a surrogate to conceive and deliver a child for the employee. It is not available to Morgan Stanley employees who are acting as a surrogate for someone else. It is also not available for donor expenses, including the cost of eggs, sperm, or embryos, incurred by a Morgan Stanley employee to carry the child themselves.
- Employees must submit the following documentation in order to be eligible for surrogacy-related reimbursement:
 - Proof of the surrogacy arrangement (surrogacy contract or court order of the surrogacy arrangement)

Note: If both parents work for Morgan Stanley, only one parent is eligible to receive reimbursement for each expense.

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Maximum Benefit

As of January 1, 2023, the maximum benefit per employee is \$75,000 per lifetime across fertility, adoption, and surrogacy. Employees may choose to use their lifetime benefit for any combination of these services. Details on fertility coverage are in the *Health & Insurance Summary Plan Description*;

Adoption and Surrogacy expenses are covered subject to the details outlined in this document.

Note that any fertility, adoption or surrogacy expenses covered or reimbursed by the Firm prior to 1/1/2023 will count towards the \$75,000 benefit limit.

If a child is born via a surrogate and then adopted by an employee, the employee can submit for reimbursement for adoption and/or surrogacy-related expenses, for a maximum reimbursement of \$75,000. An employee will never receive more than \$75,000 in reimbursement across all family building channels.

Note: If you are reimbursed in excess of the approved amount (the lesser of your actual expenses incurred or \$75,000), you must repay the overpayment. You will be contacted by HR Services with applicable details.

Adoption

Qualified Expenses

The Program reimburses (up to the maximum amount described in the [Maximum Benefit section on page 6](#)) reasonable and necessary qualified expenses directly related to (and whose principal purpose is for) the legal adoption of an eligible child.

EXAMPLES OF QUALIFIED EXPENSES INCLUDE:

- Adoption fees;
- Attorneys' fees and court costs;
- Travel expenses for the child and adoptive parents (including amounts spent for meals and lodging while away from home);
- Re-adoption expenses relating to the adoption of a foreign child; and

- Other expenses directly related to (and which the principal purpose is for) the legal adoption of an eligible child.

Non-Qualified Expenses

The following expenses are not eligible for reimbursement under the Program:

- Voluntary donations or contributions to adoption agencies;
- Expenses for the biological parents, such as living, counseling and medical expenses;
- Expenses for carrying out any surrogate parenting arrangement, including medical, living or counseling expenses;
- Costs to obtain guardianship or custody of a child for dependency purposes not associated with the legal adoption of the child;
- Expenses for personal items, such as clothing;
- Expenses that violate state or federal law;
- Expenses paid using funds received from any federal, state or local program;
- Expenses incurred after you terminate employment with Morgan Stanley or while you are otherwise ineligible for the Program; and
- Expenses that have been paid or reimbursed from another source or that are the basis of a tax credit.

Note: For adoptions completed in 2023 or later, employees are eligible to receive reimbursement (not to exceed the \$75,000 lifetime maximum) for eligible expenses incurred up to 18 months prior to the completed adoption. Any expenses incurred prior to 18 months of the completed adoption in 2023 will not be eligible for reimbursement.

Surrogacy

Qualified Expenses

The Program reimburses reasonable and necessary (and whose principal purpose is for) expenses related to a surrogacy arrangement (up to the maximum amount described in the [Maximum Benefit section on page 6](#)).

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EXAMPLES OF QUALIFIED EXPENSES INCLUDE:

- Healthcare expenses for the surrogate mother related to the conception, pregnancy, and delivery of the baby pursuant to the surrogacy arrangement;
- Healthcare expenses paid to the donor by the employee pursuant to donor arrangement (contract);
- Travel expenses for the child and surrogate parents, limited to expenses incurred after surrogacy arrangement has been executed (including amounts spent for meals and lodging while away from home);
- Surrogate agency fees;
- Surrogate legal fees;
- Screening costs paid by employee pursuant to surrogacy arrangement (e.g., psychological, background check, etc.); and
- Fees paid to the surrogate or donor pursuant to the surrogacy or donor arrangement (note: donor expenses are only covered if part of a surrogacy arrangement).

Non-Qualified Expenses

The following expenses are not eligible for reimbursement under the Program:

- Donor expenses (including the purchase of eggs, sperm or embryos) related to fertility treatment provided to an employee
- Voluntary donations or contributions to a surrogate, agency or other party;
- Costs for personal items, such as food and clothing for the surrogate, parents or child;
- Expenses that violate state or federal law;
- Expenses paid or reimbursed by another party;
- Expenses incurred after you terminate employment with Morgan Stanley or while you are otherwise ineligible for the Program; and
- Expenses if the surrogacy arrangement is terminated.

Note: For surrogacy events completed in 2023 or later, employees are eligible to receive reimbursement (not to exceed the \$75,000 lifetime maximum) for eligible expenses incurred up to 18 months prior to the completed surrogacy event. Any expenses incurred prior to 18 months of the

completed surrogacy event in 2023 will not be eligible for reimbursement.

Tax Considerations

Adoption

Under federal tax laws, subject to applicable limits, some employer-reimbursed employee adoption expenses are not subject to federal income tax up to a certain dollar threshold (but are subject to Social Security, Medicare and federal unemployment taxes).

Note:

- **Expenses incurred in connection with the adoption of a stepchild or an employee's adoption of a spouse's child are subject to applicable federal and state taxes.**
- **Employer-reimbursed adoption expenses exceeding the IRS tax advantaged limit (2023 limit of \$15,950 per adopted child per lifetime) are fully taxable.**

The **tax exclusion** mentioned above begins to phase out for employees with modified adjusted gross income (modified AGI) over \$ 239,230 in 2023 (as indexed) and is completely eliminated for employees with modified AGI of \$ 279,230 in 2023 (as indexed) or more.

You may also be entitled to a **tax credit** for qualifying adoption expenses. The tax credit phases out at the same income thresholds as the tax exclusion for amounts reimbursed under this Program.

More information on the tax credit and the tax exclusion, including the years in which you may claim a credit or exclusion, can be found in the instructions to IRS Form 8839, Qualified Adoption Expenses, available on the IRS website (www.irs.gov) or by calling 1-800-829-3676.

Any taxes applicable to adoption expenses paid under this Program are the responsibility of the employee.

Surrogacy

Employer-reimbursed surrogacy expenses are subject to applicable federal and state taxes. These taxes will be the responsibility of the employee.

Morgan Stanley Requesting Reimbursement

To request reimbursement from the Program, you must create an account with Maven, and request reimbursement through the 'My Maven Wallet' feature. Reimbursement requests must be initiated within six months following the date the adoption is finalized or within six months following a completed surrogacy event (as defined above).

Upload the required documentation and itemized receipts of qualified expenses directly through the Maven application.

CREATE A MAVEN ACCOUNT:

Visit: [Mavenclinic.com/join/morganstanley](https://mavenclinic.com/join/morganstanley)

Questions: support@mavenclinic.com

Note: By requesting reimbursement of eligible Adoption or Surrogacy expenses through Maven, you are authorizing Maven to verify your lifetime fertility spend with your Plan administrator, Cigna or UnitedHealthcare.

If You Terminate Employment

You are eligible for reimbursement if your application is submitted (i) prior to your employment termination date while you are in "good standing" with the Firm, as determined by the Program Administrator, and (ii) within six months following the date the adoption is finalized or within six months following a completed surrogacy event (as defined above).

If Benefits Are Not Paid

If your request for benefits is denied, you may file a claim and appeal. A "claim" is your first request for a review of the denial, and an "appeal" is your second request for review of the denial (if your first request for review is denied).

All claims and appeals are determined in accordance with the Claims and Appeals process detailed in the Health Benefits and Insurance Summary Plan Description, available on the Benefit Center website.

The Program Administrator shall have discretionary authority to make any findings necessary or appropriate for any purpose under the Program, including to interpret the terms of the Program and to determine eligibility for and entitlement to benefits under the Program. Any interpretation or determination made pursuant to such discretionary authority shall be given full force and effect, unless it can be shown that the determination was arbitrary and capricious.

Administrative Information

The Adoption and Surrogacy Assistance Program is sponsored and maintained by Morgan Stanley Domestic Holdings, Inc.

The Program is an unfunded program. The Adoption benefits under the Program are intended to meet the requirements of section 137 of the Internal Revenue Code of 1986, as amended. Reimbursement of eligible expenses under the Program is made from general corporate assets. In the unlikely event that Morgan Stanley is unable to pay claims under the Program, you would have the status of a general unsecured creditor with respect to payment of your claims.

The Employer Identification Number for Morgan Stanley Domestic Holdings, Inc. is 20-8674829. The Program's Identification Number is 518.

Program Administrator

Morgan Stanley Chief Human Resources Officer
c/o HR Services

750 Seventh Avenue 6th Floor– Benefits
Department

New York

New York, NY 10019

support@mavenclinic.com

If the Program Is Terminated or Modified

Although Morgan Stanley and its participating affiliates expect to continue the Program indefinitely, Morgan Stanley Domestic Holdings, Inc., by action of its Board of Directors (or its delegate, the Morgan Stanley Chief Human Resources Officer or a person in a successor role),

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reserves the right to amend, modify or discontinue the Program or any benefits under the Program at any time for any reason and from time to time, and to implement changes required by federal, state and local legislation. If this Program is terminated before you file a claim, no benefits are payable.

Program Booklet Governs

This booklet describes the provisions of the Program in effect as of January 1, 2023, and is the official Program document. If there is any difference between the information in this booklet

and any verbal or written representation or other document, this booklet will govern.

No Guarantee of Employment

Neither this booklet nor participation in the Program is a guarantee of continued employment.

Maven

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