

# Partners HealthCare Educational Assistance Programs FAQ Fact Sheet

## 1. What kinds of financial assistance will Partners, or my Partners affiliated employer, provide to cover educational expenses?

Partners and some of its Affiliates do offer educational assistance to their employees. However, each employer has its own unique Program, with its own specific requirements, benefit limits and other restrictions. It is very important that you review the written description of the specific Program that is offered by your employer in order to determine if you are eligible, what kinds of expenses are covered, and any other rules that may apply. You may check with Human Resources at your entity to learn more about what kind of assistance may be offered by your employer.

## 2. Is it possible that I might be eligible for more than one Program?

Yes. Partners is closely affiliated with all of its member hospitals and other affiliates. Some Partners-wide benefits may overlap with benefits offered by your particular employer. Or, you may be employed by more than one Partners employer. Human Resources can assist you in finding out whether you might be eligible under more than one Program.

## 3. What are the educational assistance options?

As noted above, you must review the written description of your employer's Program to learn the details of that specific Program. However, the options generally fall into one of two categories: (1) a *Forgivable Loan*, i.e., a loan that you will not have to pay back if you satisfy certain conditions; (2) a simple *Payment* to cover educational expenses.<sup>1</sup>

## 4. How does a *Forgivable Loan* for educational assistance work?

Some Programs provide financial assistance in the form of a *Forgivable Loan*. This means that the employer lends you a specific amount of money to pay for your educational expenses. The loan will have a specific term of years, at the end of which time you must repay the loan unless you meet certain requirements. For example, if your employer gives you a \$5,000 loan for a term of 2 years, you would sign a promissory note promising to pay back the \$5,000 at the end of 2 years, unless you satisfy certain conditions. At the time you receive the loan, it is not taxable to you.

However, as noted, these *Loans* will be *forgiven* if you meet certain requirements. The requirements will be defined in the written description of the Program. Usually they require that you successfully complete the course or educational program, and that you continue your employment for a specific number of years. For example, your employer might give you a loan of \$10,000, and agree to forgive the entire \$10,000 after two years of continuous employment. Or, your employer might give you a loan of \$10,000, and agree to forgive \$5,000 if you complete one year of continuous employment, and to forgive the remaining \$5,000 if you complete a second full year of continuous employment.

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<sup>1</sup> There are limited circumstances when job related tuition expenses may be reimbursed by Accounts Payable on a tax-free basis. See Question 9 of these FAQ's.

## 5. How is a *Forgivable Loan* taxed?

When a *loan* is *forgiven*, it means that you do not have to pay it back to your employer. The dollar amount of a loan that is *forgiven* is usually taxable to you in the year of forgiveness. For example, if a *loan* is *forgiven* at the rate of \$5,000 per year, then in each of those years, you would normally be taxed on the \$5,000 amount.

However, because the loan is for purposes of covering educational expenses, the income that results from forgiving the loan is not taxable up to the maximum annual amount of \$5,250. Thus, in the example above, the entire amount of the \$5,000 forgiven in each year would be tax-free.

If an amount greater than \$5,250 is *forgiven* in any calendar year, the extra amount is taxable to you, and will be reported as income on your W-2.

## 6. How does the simple *Payment* type of benefit works?

This is a simple arrangement where your employer pays for educational expenses that are covered by the Program, and you do not have to repay these amounts back to your employer. The method and timing of the *Payment* may vary, as illustrated by the following examples:

- *Payment* may be made to you in advance, before the start of class.
- *Payment* may be made to you after you have successfully completed the class.
- On occasion, *Payment* may be made directly to the school.

The Program may refer to these *Payments* as awards, grants, “tuition reimbursement,” or other terms, but they are all considered *Payments* under an educational assistance program. Regardless of its name, or the form it takes, no *Payment* will be made unless you provide all the documentation that is required under the Program.

## 7. Will this kind of *Payment* be taxable to me?

The tax laws may change from time to time. You may check with your tax consultant and/or contact Partners Payroll Office for the most up to date information.

However, currently, an employee may receive up to \$5,250 annually in educational assistance without being taxed. However, it is important to remember that, regardless of what form the *Payment* takes, only the first \$5,250 is tax-free in any give year. If any *Payment* is made that is greater than the \$5,250 annual maximum, the additional amount is taxable to you and will be reported as income on your W-2. For example, if your employer reimburses you for \$10,000 in educational expenses, you will be taxed on \$4,750 ( $\$10,000 - \$5,250 = \$4,750$ ).

## 8. What if I am eligible to receive financial assistance from more than one Program?

The total amount of all *Payments* under all the Programs are added together as if they were paid under a single Program, and if the total amount is more than \$5,250 in any calendar year, the additional amounts are taxable to you.

9. **Sometimes my hospital may provide funding for me to attend a conference or obtain additional training for my current job. Is this financial support the same as the educational Programs described above, and is it taxable to me?**

No. These payments are not taxable and they are not paid under one of the educational Programs described above. An employer may reimburse you for educational or training expenses that are directly related to your *current* job. A course or seminar is job related only if it maintains or improves your skills in your current position, or if it meets the requirements of your employer for you to maintain your current position. Generally this kind of education benefits your employer because it enhances your ability to perform your current job. For example, the conference or training may be for the purpose of quality assurance, or to educate you about new developments relating to your employment responsibilities.

A course is not considered to be job related if it is for purposes of satisfying the minimum required education for your current position, or if it qualifies you for a new trade or business.

These payments are made through Accounts Payable, based on documentation submitted to them, and subject to their determination that the education or training is directly related to your job. They are not taxable to you.