



OTSUKA  
TOTALREWARDS

# Student Loan Assistance Program

*Effective January 1, 2023*

## Program Overview

Otsuka will provide eligible employees with a company funded payment applied to the employee's qualified higher education student loan(s). The goal is to continue to provide eligible employees with market competitive benefits and help reduce their student loan debt. This program will be administered by Fidelity Investments.

For employees who are eligible for the Student Loan Assistance Program (the "Program") and enroll to participate, Otsuka will make payments directly to the employee's selected eligible loan service provider. Only one loan at a time may be selected by the employee for a payment under this Program.

This payment is an additional benefit designed to help employees pay off their student loan(s) faster and save on interest. Employees are expected to continue making the minimum monthly payments to their loan service provider even if their monthly payments are less than the Program monthly payment. Based on the monthly timing of the payment to the loan, employees should reach out to their Loan Service Provider to better determine how the payment will be applied (e.g. principal versus interest).

***The Company reserves the right to amend, modify, or terminate the Program, in whole or in part, at any time. The Company may also set such rules and procedures as it determines necessary to operate the Program.***

## Employee Eligibility

To be eligible for the Program, an Employee either must be an active, regular, full-time Employee of the Company, or a part-time Employee of the Company regularly scheduled to work at least fifteen (15) to thirty (30) hours per week.

By enrolling and participating in the Student Loan Assistance Program, an employee agrees and acknowledges that they understand that they cannot participate in the Tuition Reimbursement Program in the same plan year.

Employees who may not participate in the Program include:

- Employees regularly scheduled to work fewer than 15 hours per week
- Short-Term or Inpat Employees
- Employees of any entity other than OAPI, OPDC, or ODH
- Employees who participate in the Tuition Reimbursement Program during the same plan year

## Loan Eligibility

Loans covered by the Program include:

- Loans taken out in the employee's name and used to pay for the employee's higher education
- Loans used for the employee's education at schools with accreditation recognized by the US Department of Education and online universities accredited by recognized accreditation agencies. Schools must be eligible to participate in a student aid program administered by the U.S. Department of Education.
  - Please refer to the US accreditation database for further details:  
<https://ope.ed.gov/accreditation/>
- Associates Degree
- Bachelor's Degree

- Graduate Degree
- Loans for incomplete degrees

#### Exclusions from the Program:

- Loans in default or that have been sent to collections
- Loans taken out in someone else's name used to pay for the employee's education
- Loans taken out in employee's name and used to pay for someone else's education (e.g. loan taken out for a child or other family member's education)
- Loans used to pay for education at an institution that does not have accreditation recognized by the US Department of Education or for education at an online university that is not accredited by a recognized accreditation agency.
- Loans for education that was not paid or incurred within a reasonable period of time before or after the employee took out the loan.
  - Please note that expenses are treated as paid or incurred within a reasonable period of time if both of the following requirements are met: (1) The expenses relate to a specific academic period (this includes a semester, trimester, quarter, or other period of study (such as a summer school session) as reasonably determined by an educational institution.) and (2) The loan proceeds are disbursed within a period that begins 90 days before the start of that academic period and ends 90 days after the end of that academic period.

## Payment Structure

- Otsuka will make monthly payments until the selected loan is repaid or the lifetime maximum benefit is reached
  - Payment to an Employee's loan service provider is contingent upon the Employee's continued eligibility in the Program.
  - Only one loan at a time may be selected by the employee for repayment
  - A monthly payment of \$100 will be paid by Otsuka to the loan service provider, up to a lifetime maximum of \$10,000, or until the loan is considered repaid
    - A loan is considered repaid once the outstanding loan balance is below an amount equal to two times the monthly payment amount paid by Otsuka
  - Employees must continue to make the minimum monthly loan payments to their loan service provider.
    - The Program payment is in addition to the employee's monthly payment.
    - If an Employee fails to make the minimum monthly loan payment to their loan service provider, Otsuka may cease payment through the loan assistance program.
- Under IRC section 127, an annual limit applies to the combined benefits under this provision including student loan assistance, tuition reimbursement and courses of instruction.
  - Following the provisions of the plan and guidelines of Internal Revenue Code (IRC) section 127, this benefit will be income tax free as permitted by IRC section 127, up to an annual limit of \$5,250.
  - Payments above this limit or outside of IRC guidelines (e.g. Loans used for someone else's education) will be taxable and included as part of the Employee's W2 Income.
  - The ability for a loan repayment to be treated as tax-free is subject to IRC section 127 and all applicable IRC provisions.

## Service Provider

- Fidelity Investments will be the service provider that administers the Program
  - Employees will be able to enroll and manage activity through the Fidelity online portal.

- Employees may also use Fidelity's online tools to help manage their student loan debt, even if they're not eligible to receive a payment through the Program.

## Enrollment

- Employees who meet the eligibility requirements outlined above will be required to submit required documents to Fidelity Investments during the enrollment process.
  - These documents will be validated to determine eligibility.
  - Further detailed instructions will be supplied via the enrollment email from Fidelity Investments to eligible employees.
- Employee and Loan eligibility requirements must be maintained as outlined above for continued participation in this Program.
  - If an Employee or their loan is no longer eligible for the Program, then payment will cease under the Program.
  - Employees are responsible for notifying Fidelity Investments of any changes in their loan that would result in their loan becoming ineligible for the Program.
  - Employees are responsible for notifying Fidelity Investments if their loan becomes paid off and they are no longer eligible for continued payments.
  - Any overpayments returned by the Loan Service Provider to the employee must be returned to Fidelity Investments. Fidelity will credit the Employer on their next funding file.