

Tuition Benefits Webinar Overview

09/12/2023

Northwestern | HUMAN RESOURCES

Agenda

Employee Tuition

- Employee Reduced Tuition (ER)
- Enhanced Employee Reduced (EER)
- Employee NU Certificate Tuition (EC)
- Employee Portable Tuition (EP)
- Music Lessons Reduced Tuition

Dependent Tuition

- Dependent Reduced (DRU0, DRU1, DRU2)
- Dependent Portable Tuition (DPO, DP1)
- Music Lessons Reduced Tuition

Tuition Benefits for Northwestern University Employees

FOR EMPLOYEES

- Employee Reduced Tuition Benefit (at Northwestern)
- Enhanced Employee Reduced Tuition Benefit (at Northwestern)
- Employee Northwestern Certificate Tuition Benefit (at Northwestern)
- Eligibility for tuition benefits is not extended to part-time employment.

FOR SPOUSES/DEPENDENTS

- Dependent Reduced Tuition Benefit (Spouse or Child at Northwestern)
- Dependent Portable Tuition Benefit (Children only, outside of Northwestern)

FOR EMPLOYEES, SPOUSES, AND DEPENDENT CHILDREN

- Tuition Discount on Music Lessons at the Music Academy

MORE INFORMATION IS AVAILABLE:

<https://hr.northwestern.edu/benefits/tuition/employee/>

Tuition Benefits for NU Employees

	Employee Reduced Tuition	Enhanced Employee Reduced Tuition
Plan ID	ER	EER
Employment Status	Full-time, benefits-eligible	Full-time, benefits-eligible, actively working and on the University payroll
Years of Service	No requirement	At least 3 years of continuous, full-time, benefits-eligible service
Salary*	No requirement	Have a salary of less than \$100K gross annually**
Benefit	90% Reduced Tuition	90% Reduced Tuition
Annual Limit	\$12,000	No limit

Employee Reduced Tuition Benefit

ELIGIBILITY

- Full-time, benefits-eligible employees are qualified as of the beginning of the first full term after hire date

UNDERGRADUATE, PROFESSIONAL DEVELOPMENT, AND GRADUATE STUDY

- 90% tuition discount for
 - All Northwestern undergraduate and graduate programs
 - School of Professional Studies Professional Development Programs
- Plan ID: **ER**

Maximum \$12,000 per calendar year

Undergraduate and graduate assistance becomes taxable income for any billed tuition amount over \$5,250

Enhanced Employee Reduced Tuition Benefit

ELIGIBILITY

Full-time, benefits-eligible employees

- With at least 3 years of continuous, full-time, benefits-eligible service
- Who are actively working employees, currently on University payroll
- Earning a salary of less than \$100,000 gross annually

Are qualified as of the beginning of the term

UNDERGRADUATE, PROFESSIONAL DEVELOPMENT, AND GRADUATE STUDY

- 90% tuition discount for
 - All Northwestern undergraduate and graduate programs
 - School of Professional Studies Professional Development Programs
- Plan ID: **EER**

No Annual Limit

Undergraduate and graduate assistance becomes taxable income for any billed tuition amount over \$5,250

Employee Reduced and Enhanced Tuition Benefit

HOW TO APPLY

1. Submit through myHR Self Service → Benefits → My Tuition Benefit Application → Submit New Application.
2. Select Benefit Year and Plan ID (either **ER** or **EER**).
3. For ***Employee Reduced and Employee Enhanced***
 1. Eligibility is confirmed; application is submitted to Student Finance.
 2. Employee registers for course(s) via CAESAR
 3. Student Finance applies discount to balance
 4. Employee is responsible for the remainder of balance (10%)
 5. Please note, only **ONE** Employee Reduced application is needed per calendar year.

Applications are valid for the *calendar year*, beginning with the term listed. It is best to submit your application a few weeks before you expect to be billed for classes.

Employee Certificate Tuition Benefit

ELIGIBILITY

- Full-time, benefits-eligible employees are qualified after **one year** of full-time, benefits-eligible service

JOB-RELATED, NON-CREDIT, SHORT-TERM CERTIFICATE COURSES AT NORTHWESTERN

- 100% reimbursement of tuition and mandatory fees up to \$12,000 per calendar year
- This benefit is a reimbursement program
- Plan ID: **EC**

Applies toward maximum of \$12,000 per calendar year

Undergraduate and graduate assistance becomes taxable income for any billed tuition amount over \$5,250

Employee Portable Tuition Benefit

ELIGIBILITY

- Full-time, benefits-eligible after one year of full-time benefits eligible service and must be hired before January 01, 2020

JOB-RELATED, UNDERGRADUATE AND GRADUATE COURSES TAKEN AT ELIGIBLE INSTITUTIONS OUTSIDE OF NORTHWESTERN. THE BENEFIT IS LIMITED TO TUITION ONLY.

- The maximum annual benefit is \$5,250
- This benefit is a reimbursement program
- Plan ID: **EP**

Undergraduate and graduate assistance becomes taxable income for any billed tuition amount over \$5,250

Music Academy Reduced Tuition Benefit

ELIGIBILITY

- Full-time, benefits-eligible Faculty and Staff. No service years are required.
- Eligible Dependent Spouse and Children taking non-degree lessons in the Music Academy in School of Music.
- Visiting Scholars and Northwestern Hospital employees: Not eligible for this benefit.
- If your employment status drops to part-time notify the academy immediately prior to registering for a new quarter.

INTERESTED EMPLOYEES SHOULD FIRST COMPLETE THE INQUIRY QUESTIONNAIRE ON THE [MUSIC.NORTHWESTERN.EDU/ACADEMY WEBSITE](https://music.northwestern.edu/academy).

- Approved Music Academy Reduced Tuition Benefits will be applied directly to the employee's charges at the Music Academy.

Undergraduate and graduate assistance becomes taxable income for any billed tuition amount over \$5,250

Employee Certificate Tuition Benefit

HOW TO APPLY

1. Submit through myHR Self Service → Benefits → My Tuition Benefit Application → Submit New Application.
2. Plan ID: **EC**, with the required supporting documents
3. Supporting documents required:
 - **Itemized tuition statement** – fees, financial aid & payments
 - **Proof of payment** for reimbursement
 - **Supervisor's acknowledgement** – indicates the course(s) are job-related
 - **Copy of official certificate** showing completion of course
 - **Associated grants and/or scholarships**
4. Reimbursement will be made electronically through **Payroll**

Questions?

Taxation

- Tuition Benefits above \$5,250 per calendar year are taxable as non-cash compensation
- Federal, State, Social Security, and Medicare taxes
- Taxes will be taken from your regular paycheck

RESOURCES

1. **Estimation tools:** <https://hr.northwestern.edu/benefits/tuition/employee/tuition-taxation.html>
 - Biweekly Calculator
 - Monthly Calculator
2. **IRS Website:** <https://www.irs.gov/publications/p970>

You may wish to consult a tax professional if you have questions about the impact of your tuition benefits on your tax liability.

Tuition Tax Calculator

Before using the Tax Calculator, you will need to know:

1. Your total tuition cost for the quarter – *look at your Student bill located in Caesar*
2. How much you have already received in tuition benefits this calendar year

Be sure to read all directions.

Example

Katie is a full time benefits eligible employee. She is participating in a graduate program at NU.

The tuition benefit is capped annually at \$12,000. Any tuition benefits she receives above the

IRS limit of \$5,250 must be taxed. They are added to her taxable earnings as non-cash

compensation.

Tuition billed	\$7,372.00
Benefit discount at 90%	\$6,634.80
Katie paid	\$737.20
Amount over IRS limit (\$6,634.80 - \$5,250)	\$1,384.80

Katie will need to pay taxes on \$1,384.80. This is added to her monthly paycheck under Earnings. The total amount is divided by 3, then is spread out over 3 paychecks.

Tuition Tax Calculator

Example from website:

<https://hr.northwestern.edu/benefits/tuition/employee/tuition-taxation.html>

Employee Reduced Tuition benefits provided above \$5,250 received per calendar year must be taxed as non-cash compensation and added to an employee's taxable wages. **This means your net pay (take-home) will be reduced due to additional payroll being taxes withheld.** Employee reduced tuition benefits are taxed evenly across all pay periods in a given quarter – three paychecks for monthly employees; five for bi-weekly employees – to distribute the taxation over time and decrease the impact on a single paycheck.

Example: You are taking 3 SPS undergraduate courses at \$2,054 each. Your taxable tuition would be $((\$2,054 \times 3) - \$5,250) = \$912$

Tax Estimate on **\$912**

Tax Type	Tax Rate	Tax Amount
Federal	25%	\$228.00
State	4.25%	\$38.76
Social Security	6.20%	\$56.54
Medicare	1.45%	\$13.22
Additional Payroll Taxes Owed		\$336.53

Example: You are taking 3 Kellogg part-time MBA courses at \$7,273 each. Your taxable tuition would be $((\$7,273 \times 3) - \$5,250) = \$16,569$

Tax Estimate on **\$16,569**

Tax Type	Tax Rate	Tax Amount
Federal	25%	\$4,142.25
State	4.25%	\$704.18
Social Security	6.20%	\$1,027.28
Medicare	1.45%	\$240.25
Additional Payroll Taxes Owed		\$6,113.96

Questions?

Dependent (Spouse & Children) Reduced Tuition Benefit

After 6 months of full-time, benefits-eligible service:

Plan ID: DRU1

- 85% discount for School of Professional Studies undergraduate degree programs

After 5 years of continuous full-time, benefits-eligible service:

Plan ID: DRU2

- 50% reduction in tuition for other Northwestern undergraduate school programs

If hired before 1/1/2000 with continuous full-time, benefits-eligible service:

Plan ID: DRU0

- 90% reduction in tuition for other Northwestern undergraduate school programs

Limited to 12 quarters lifetime maximum

Continuous part-time service can count towards “full-time service” if the employee is at full-time status when they are utilizing the benefit

Dependent (Spouse & Children) Reduced Tuition Benefit

HOW TO APPLY

1. Submit through my HR Self Service, an online Dependent Reduced Tuition Plan Application using the correct Plan ID (**DRU0, DRU1, or DRU2**)
2. Supporting documentation required:
 - **Proof of financial dependency**- now a signed statement on myHR site when applying
3. Eligibility is confirmed; application is submitted to Student Finance
4. Child/Spouse registers for course(s) via CAESAR
5. Student Finance applies discount to balance; student pays the balance (15%, 50%, or 10%)

Applications are valid for the calendar year, beginning with the term listed. It is best to submit your application a few weeks before you expect to be billed for classes.

Dependent tuition benefits are nontaxable.

Dependent (Children) Portable Tuition Benefit

After 5 years of continuous full-time, benefits-eligible service:

Plan ID: DP1

- Up to 50% of billed tuition at an accredited, FAFSA approved college/university

If hired before 1/1/2000 with continuous full-time, benefits-eligible service:

Plan ID: DP0

- 100% of billed tuition at an accredited, FAFSA approved college/university up to \$5,616 per academic year (\$2,808 per semester, \$1,872 per quarter)

Limited to 8 semesters or 12 quarters lifetime maximum per dependent

Continuous part-time service can count towards “full-time service” if the employee is at full-time status when they are utilizing the benefit

Dependent Portable Tuition Benefit

HOW TO APPLY

1. Submit, through myHR self-service, an online Dependent Portable Tuition Benefit Application, Plan ID: **DP0** or **DP1**, with the required supporting documents
2. Supporting documents required:
 - **Itemized tuition statement** – fees, financial aid & payments
 - **Proof of payment** for reimbursement (if EE would like check issued to them)
 - **Proof of full-time enrollment** - typical documentation is class schedule
 - **Proof of Financial Dependency** – sign the required statement on myHR application
3. Reimbursement will be made electronically through Payroll

Example of scholarships and grants

Allowable expenses

The maximum number of terms for which the Dependent Portable Tuition Plan benefit will be paid for a dependent child is 8 full-time academic semesters or 12 full-time academic quarters.

Scholarships and grants are included in the Dependent Portable Tuition Benefit calculation even if they are not exclusively applicable to tuition. If scholarships and grants equal less than 50% of the tuition, then the benefit is 50% of the total tuition. If scholarships and grants equal more than 50% of tuition, then the benefit is equal to the tuition minus the scholarships and grants (the tuition benefit plus scholarships and grants can never be more than the tuition).

Example

Tuition: \$12,000.00	
times Benefit Percentage:	<u>x 50%</u>
equals 50% of Tuition:	\$6,000.00
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Scenario 1: Scholarship = \$2,000.00	Scenario 2: Scholarship = \$8,000.00
\$2,000.00 is less than 50% of \$12,000.00	of \$8,000.00 is more than 50% of \$12,000.00
Tuition = Benefit	Tuition <i>minus</i> Scholarship = Benefit
	\$12,000.00 - \$8,000.00 = \$4,000.00
<hr/>	
\$12,000.00 x 50% = \$6,000.00	

How Do I Know which Programs/Classes are covered in the Tuition Benefit

Program Title	School	Degree Type	Employee Tuition Benefit	Dependent Tuition Benefit
Accelerated Evening & Weekend MBA Option	Kellogg School of Management	Graduate	Employee Reduced Tuition (ER, EER)	Not Applicable
Advanced Accounting	School of Professional Studies	Post-Baccalaureate Certificate Program	Employee Reduced Tuition (ER, EER)	Not Applicable
Advanced Biology for the Health Professions	School of Professional Studies	Post-Baccalaureate Certificate Program	Employee Reduced Tuition (ER, EER)	Not Applicable
Advanced Data Science	School of Professional Studies	Certificates of Advanced Graduate Study	Employee Reduced Tuition (ER, EER)	Not Applicable
Advanced Studies in Psychology	School of Professional Studies	Post-Baccalaureate Certificate Program	Employee Reduced Tuition (ER, EER)	Not Applicable
Agile Practices	School of Professional Studies	Professional Development	Employee Reduced Tuition (ER, EER)	Not Applicable
American Literature	School of Professional Studies	Certificates of Advanced Graduate Study	Employee Reduced Tuition (ER, EER)	Not Applicable
American Studies	School of Professional Studies	Certificates of Advanced Graduate Study	Employee Reduced Tuition (ER, EER)	Not Applicable
Biological Sciences	School of Professional Studies	Undergraduate	Employee Reduced Tuition (ER, EER)	Dependent Reduced Tuition (DRU1)
Biological Sciences	School of Professional Studies	Undergraduate	Employee Reduced Tuition (ER, EER)	Dependent Reduced Tuition (DRU1)

Questions?

Contact Information

General Questions

- Main Number: 847-491-4700
- Email: askHR@northwestern.edu
- Website: northwestern.edu/hr/benefits
- Info link: <https://hr.northwestern.edu/benefits/eligibility-changes/benefit-changes/benefits-for-newly-hired-employees.html>

Benefits Counselors

Last Names

- Ruthann Cameron 847-491-4019 A - I
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How to access Caesar with your NetID:

<https://caesar.northwestern.edu/>

**For more information about tuition benefits view the information
on our website:**

<https://hr.northwestern.edu/benefits/tuition/>

Tuition FAQs:

<https://hr.northwestern.edu/benefits/tuition/employee/faqs.html>

Where to find Eligible SPS Programs:

<https://hr.northwestern.edu/benefits/tuition/programs/>

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**NORTHWESTERN
UNIVERSITY**

BENEFITS DIVISION

Tuition Q &A

Are my children eligible?

Dependent children under the age of 26 are eligible for Reduced and Portable Tuition benefits.

Is my spouse eligible?

Yes, spouses are eligible for benefits to undergraduate courses only. They are not eligible for most post baccalaureate or graduate level classes. While the post baccalaureate program consists of undergraduate classes, it still not covered because it is assumed that your spouse already has a bachelor's degree.

Are the children of my domestic partner eligible?

Yes. The children of an employee's same sex domestic partner are eligible to receive Reduced Tuition and Portable Tuition benefits, provided the employee meets the specified full-time service requirement and the partner's children are under age 26.

Am I eligible to receive tuition benefits after retirement?

Tuition benefits may be received provided an individual is at least age 55 has accumulated specified years of continuous full-time service as of the date of retirement. Please see the [Tuition Summary Plan Description](#) for more information.

Do I have to be taking courses toward a degree to receive Educational Assistance benefits?

No. You may register and receive Educational Assistance benefits for most courses offered by NU.

Can I take classes during the workday and receive Educational Assistance benefits?

Yes, with your supervisor's approval.

Is there a limit to the benefit amount I may receive?

Yes, there is a \$12,000 per year tuition benefit limit in the first three years of benefits eligible service. After three years of benefits eligible service, the \$12,000 limit is removed. The amount of Reduced and Portable Tuition benefits is limited by the years of accumulated full-time service. The

amount of Educational Assistance benefits an individual may receive is limited by the IRS to \$5,250 per calendar year.

What is my tax liability?

Educational Assistance benefits received by an **employee** for undergraduate or graduate tax liability for any tuition benefit for themselves will have a tax limit of \$5,250. Any billed tuition amount over \$5,250 will be imputed to your earnings and will be taxed.

- Amounts received above \$5,250 are considered taxable benefits. The University provides tuition benefits of 90% depending upon the level of study up to a maximum benefit of \$12,000 per calendar year.
- Dependent Reduced Tuition and Dependent Portable Tuition benefits are considered nontaxable.

Tax Status of Tuition Benefits	
Employee Reduced (ER)	Taxable after \$5,250
Enhanced Employee Reduced (EER)	Taxable after \$5,250
Dependent Reduced (DRU0, DRU1, DRU2)	Non-Taxable
Dependent Portable (DP0, DP1)	Non-Taxable

What does the benefit cover?

Billed tuition only. Benefits provided do not cover the cost of books, lab fees, room and board.

How do I submit an application?

Applications may be submitted online via [myHR](#).

Is there a deadline for submitting an application to receive Portable Tuition Benefits?

Each benefit has its own designated application deadline. Please review details on the [benefits website](#) for more information.

Do I need to apply for the benefit every year or every semester or quarter?

When to Apply for Educational Assistance and Tuition Benefits	
Employee Reduced (ER)	One application per calendar year
Enhanced Employee Reduced (EER)	One application per calendar year
Employee Certificate (EC)	All courses taken in a term must be included in a single application and must be submitted within 90 days of the final course completion
Employee Portable (EP)	All courses taken in a term must be included in a single application and must be submitted

	within 90 days of the final course completion
Dependent Reduced (DRU0, DRU1, DRU2)	Online applications must be submitted within the calendar year for which the benefit is being requested. Only one application is required for the full calendar year. Choose the earliest term.
Dependent Portable (DP0, DP1)	Online applications must be submitted for each term within 1 year of the start of the term

How is the benefit applied?

The amount of the Reduced Tuition benefit for a spouse or dependent children is deducted from the full amount of the tuition. The School of Continuing Studies students and special summer session students must pay the balance due at the time of registration. For all other programs, the Division of Student Finance issues a statement that reflects the full tuition amount, the benefit amount, and the amount to be paid. Payment of the balance owed should be made the University Bursar.

Once you have enrolled in classes and submitted your tuition benefit application, student finance will apply the benefit to the student account. You will pay your portion (10% of billed tuition including applicable fees)

What happens if I drop a class or terminate employment?

Eligibility for Educational Assistance, Reduced Tuition and Portable Tuition benefits cease upon *any* of the following:

- separation from the University
- loss of full-time employment status
- change to a position not eligible for benefits.
- discontinuation of the Plan
- withdrawal from class

If eligibility is lost, then the tuition benefit for that term is paid only through the end of the term of study in which your university employment ends.

Can the Portable Tuition benefit payment be made payable to my child's school?

Yes. Portable Tuition benefit payments are made payable to the child's school. The payment is issued by Accounts Payable and forwarded to the Benefits Division for pick up or mailing to the employee. If you have already paid the school, the benefit payment may be made payable to you. If the child did not complete the term of study, the benefit payment is considered by the IRS to be taxable income to the employee.

The most common selection is to have the benefit payment made out to the school and mailed to the employee address on file. If you would like the benefit paid directly to you and reimbursed via payroll, you will need to provide proof of payment of at least half the tuition amount.

My child attends Stanford during the regular school year and takes classes at NU during the summer. Am I eligible to receive tuition benefits for the summer term?

Yes. Reduced Tuition and Portable Tuition benefits are limited to eight semesters or twelve quarters in any combination. Please keep in mind attending summer classes is considered a full term and could exhaust benefits prior to graduation as summer classes count towards the allotted 12 semesters or 8 quarters.

My child attends NU during the regular school year and will be participating in a Study Abroad program next year. Am I eligible to receive Reduced Tuition benefits for the Study Abroad program?

Yes. The Study Abroad program must be sponsored and tuition for the Study Abroad program billed by NU in order to receive benefits under the Reduced Tuition Plan. If the Study Abroad program is sponsored and tuition for the program billed by a school other than Northwestern University, tuition benefits will be received under the Portable Tuition Plan. Eligibility and benefits received are subject to the terms of the applicable plan.

What is the maximum number of classes per term my child can take at the School of Professional Studies and receive the 85% reduction in tuition?

The maximum number of classes is 3 classes per quarter.