

**RECREATIONAL EQUIPMENT, INC.
ADOPTION ASSISTANCE PLAN**

Plan Restatement Effective January 1, 2022

**RECREATIONAL EQUIPMENT, INC.
ADOPTION ASSISTANCE PLAN**

This is the Recreational Equipment, Inc. Adoption Assistance Plan (the “Plan”). The Plan reimburses certain covered adoption expenses incurred by Plan Participants and/or their spouses or life partners. We urge you to read this Plan carefully if you are interested in the Plan’s adoption assistance benefits. The Plan is restated effective January 1, 2022.

If anything in this Plan is not clear to you, or if you have any questions about Plan benefits, please contact the REI Benefits Department.

GENERAL INFORMATION ABOUT THE PLAN

Name of Plan

Recreational Equipment, Inc. Adoption Assistance Plan

Name and Business Address of Employer

Recreational Equipment, Inc.
1700 45th Street East
Sumner, WA 98352

Type of Administration

The Plan is administered by the Plan Administrator. Any payments under the Plan are paid from the Employer’s general assets.

Discretion of the Plan Administrator

In carrying out its duties under the Plan, the Plan Administrator has discretionary authority to exercise all powers under the Plan and to make all determinations concerning the interpretation of the Plan.

Name, Business Address and Telephone Number of Plan Administrator

Recreational Equipment, Inc.
1700 45th Street East
Sumner, WA 98352
1-800-999-4734

Type of Plan

This Plan is an adoption assistance plan through which the Employer reimburses eligible employees for certain Covered Adoption Expenses. Under this Plan, you are eligible to be reimbursed by the Employer for Covered Adoption Expenses if (1) you or your spouse or life partner incur the expenses during the time you are a Plan Participant; (2) the adoption is finalized when you are Plan Participant; and (3) you request reimbursement for these expenses within one year of the date the adoption is finalized and when you are a Plan Participant.

Eligibility

Any employee of the Employer (as determined by Employer) who is eligible for benefits under the Recreational Equipment Inc. Benefit Plan and who has worked for the Employer in a benefit-eligible position for at least 12 consecutive months is automatically eligible for the Plan and is considered a Plan Participant. You do not need to enroll in the Plan.

Benefits for Covered Adoption Expenses

Plan Participants are eligible to be reimbursed by the Employer in an amount not to exceed \$7,500 per adopted child for “Covered Adoption Expenses” (“Per-Child Maximum Amount”). If both adoptive parents are Plan Participants, the Plan pays benefits to just one of the Plan Participants.

For purposes of this Plan, the term “Life Partner” means a person who has been approved by REI as a Plan Participant’s life partner as set forth in REI’s Life Partner Affidavit.

The Plan provides benefits for the following types of adoptions:

1. Adoption of a child by the Plan Participant, including
 - a. Adoption of a child by just the Plan Participant, including adoption of a child of the spouse or life partner of the Plan Participant. The adoption by the Plan Participant of a child of a spouse is referred to as a “Stepchild Adoption.” The adoption by the Plan Participant of a child of a life partner is referred to as a “Life Partner’s Child Adoption.”
 - b. Adoption of a child by both the Plan Participant and the Plan Participant’s spouse or life partner (“Couple Adoption”)
2. Adoption of a child by just the spouse or life partner of a Plan Participant, including adoption of the Plan Participant’s child by the spouse or life partner. This type of adoption is referred to as a “Spouse/Life Partner Only Adoption.”

“Covered Adoption Expenses” mean adoption expenses such as licensed adoption agency fees, court costs, attorney’s fees and other legal expenses associated with the adoption or adoption proceedings, medical expenses of the birth mother, certain foreign adoption expenses, transportation expenses for parents and adoptive children, and expenses required by state governments as a condition of adoption (i.e., costs of home studies, construction renovations, alterations or purchases specifically required by the state to meet the needs of the child), and any other expenses considered to be adoption expenses for purposes of federal income tax law.

In order to receive reimbursement under the Plan, these Covered Adoption Expenses must also:

1. Be directly related to, and the principal purpose of which is for, the legal adoption of an Eligible Child. An Eligible Child is a child of domestic or foreign birth who is:
 - a. Under age 18; or
 - b. 18 years of age or older who is physically or mentally incapable of self-care.

The term “Eligible Child” includes children meeting these age requirements who are of domestic or foreign birth, foster children, stepchildren, grandchildren or other relatives of the adoptive parent.

2. Not be incurred in violation of any state or federal law or in carrying out any surrogate parenting arrangement;
3. Not reimbursable under any other employer plan or otherwise;
4. Be incurred while you are a Plan Participant;
5. Be related to an adoption which is finalized while you are a Plan Participant.

You will only be reimbursed for Covered Adoption Expenses if you are a Plan Participant when (1) the Covered Adoption Expenses were incurred; (2) the adoption occurred; and (3) you request the reimbursement. Covered Adoption Expenses incurred for adoption of a child are not eligible for reimbursement under this Plan until the calendar year in which the adoption is finalized. For example, if you incur Covered Adoption Expenses in 2021, but do not adopt the child until 2022, the Plan will reimburse you for the Covered Adoption Expenses in 2022.

Federal Income Taxation of Benefits

- 1. Couple Adoption, Life Partner’s Child Adoption, or Other Adoption of a Child by the Plan Participant (other than a Stepchild Adoption).**

When a Plan Participant receives benefits due to a Couple Adoption, a Life Partner's Child Adoption or other Adoption of a Child by the Plan Participant that is not a Stepchild Adoption, the following tax rules apply:

- a. If you receive benefits under the Plan, the amounts paid by the Employer will be excluded from your wages reported on your W-2 for federal income tax purposes and no federal income tax will be withheld from your wages relating to the benefits you receive from the Plan. However, the benefits paid to you will be reported in Box 12 of your W-2, and are considered wages for purposes of federal FICA and FUTA taxes.
- b. Even though the Employer does not withhold federal income tax on the benefits paid by this Plan, you may nevertheless owe federal income taxes on the benefits you receive under this Plan, depending on your income. The amount of adoption assistance benefits you may treat as excludable from your gross income for federal income tax purposes will be reduced when your modified adjusted gross income for the year exceeds the Internal Revenue Code threshold and no amount will be considered excludable from your gross income if your modified adjusted gross income for the year exceeds the Internal Revenue Code maximum (both dollar amounts adjusted periodically in accordance with Internal Revenue Code Section 137(f)). These tax rules assume that you are a married couple filing a joint federal tax return. If you are unmarried or file separate tax returns, other rules apply. You also may be able to take a federal tax credit on your income tax return for qualified adoption expenses that are not reimbursed by this Plan. You should consult your tax professional or preparer concerning the complex federal tax rules concerning adoption expenses.

2. Stepchild Adoption or Spouse/Life Partner Adoption

When a Plan Participant receives benefits due to a Stepchild Adoption or a Spouse/Life Only Partner Adoption, the following tax rules apply:

- a. The adoption assistance amounts paid by the Employer under this Plan for are subject to federal income and employment taxes. In order to compensate you in whole or in part for the taxes you will incur relating to these adoption assistance benefits, the Employer will pay an additional gross-up amount of 30% of the adoption assistance benefits paid by the Plan ("Gross-Up Payment"). The Gross-Up Payment will not be considered when determining whether you have reached the Per-Child Maximum Amount of benefits under the Plan. The Plan's adoption assistance benefits and the Gross-Up Payment will be reported on your W-2 as taxable wages and federal income and employment taxes will be withheld from these amounts.
- b. You may not take a federal tax credit on your income tax return for adoption expenses relating to a Stepchild Adoption. You and/or your spouse or life

partner should consult your tax professional or preparer concerning the complex federal tax rules concerning these adoption expenses.

Claims for Benefits

If you wish to receive a benefit under the Plan, you must submit the Plan's reimbursement form to the Plan Administrator. You must submit this form while you are still a Plan Participant. You will be required to provide evidence of the amount, nature, and payment of the Covered Adoption Expenses for which reimbursement is sought, as required by the Plan Administrator. In addition, you must provide proof of a finalized adoption to the Plan Administrator. All requests for reimbursement associated with an adoption must be submitted to the Plan Administrator within one year of the date the adoption is finalized and while you are Plan Participant.

Claims Procedure

In order to receive Plan benefits, you must follow the procedures established by the Plan Administrator which has the responsibility for approving and determining benefit payments to you. The Plan Administrator will notify you whether your request for reimbursement has been approved. If your reimbursement request is approved, the Employer will pay you the amount of your reimbursement within 30 days of such determination.

The Plan Administrator will provide notification in writing of its decision to grant or deny a request for benefits, in whole or in part, usually within 60 days after receiving the request. If, due to special circumstances, the Plan Administrator needs additional time to process a request, you will be notified in writing, within 60 days after the Plan Administrator receives the request, of those special circumstances and of when the Plan Administrator expects to make its decision. Under no circumstances may the Plan Administrator extend the time for making its decision beyond 90 days after the end of the initial 60-day period.

If the Plan Administrator denies a request, you will receive, in writing:

- (a) The specific reasons for denial;
- (b) A reference to the Plan provision upon which denial is based; and
- (c) A description of any additional information or material which could be submitted in order to allow the benefit to be paid.

Termination or Amendment of Plan

The Employer expects to maintain the Plan indefinitely. However, the Employer has the right, in its sole discretion, to amend or terminate any provision of the Plan at any time.

No Continued Employment

No provisions of the Plan shall give any employee any rights of continued employment with the Employer or shall in any way prohibit changes in the terms of employment of any employee covered by the Plan.

Further Information

If you have further questions regarding the Plan, please contact the REI Benefits Department.