



Partnership for Giving

GUIDELINES & FREQUENTLY ASKED QUESTIONS

The Partnership for Giving (P4G) is Merck's matching funds program that provides active and retired employees the opportunity to support community efforts and organizations that are important to them. Through the **P4G Direct Giving** and **Payroll Deduction** programs your contribution(s) to eligible U.S. and Puerto Rico based nonprofit organizations are matched dollar-for-dollar by the Merck Foundation. Working together, we can help build strong and caring communities by helping those in need, promoting a healthier society, advancing education, fostering the arts, addressing the welfare of animals, and preserving the environment.

Minimum/Maximum Program Limitations

The minimum gift is **\$24** per designated organization. Donations of less than \$24 per organization will not be matched through the Partnership for Giving. The maximum gift that will be matched for active Merck employees and board members is **\$30,000** per eligible donor per calendar year. Beginning January 1, 2015, the matching gift limit for retirees is \$10,000 annually. These parameters will be in effect for all retirees of Merck & Co., Inc., including retired board members.

The annual donor limit is determined by the actual date of the donor's contribution to the recipient organization. For example, if you make a donation to an eligible organization on December 31, but submit your request for matching funds in January, the matching funds award, if approved, will be charged to your prior year – the year in which the employee donation was made to the organization.

P4G Direct Giving Program

The Direct Giving option is available to eligible donors year-round. The matching funds limit will be tracked on a calendar-year basis (January 1 through December 31). The minimum gift is **\$24** per designated organization. You may request matching funds for one-time cash, check, credit card, or stock gifts via the Merck Gives Back website at www.merckgivesback.merck.com and click "Contribute." Requests should be made within 180 days of your contribution. **Please note that retirees may access the P4G system** via the URL, <http://www.cybergrants.com/merck/merckgivesback>.

Donor eligibility for the P4G Direct Giving program includes active and retired U.S. and Puerto Rico-based Merck employees (full- and part-time) and members of Merck's board of directors. The Partnership for Giving matching gift benefit is available to legacy Merck and Schering employees in the U.S., and former legacy Merck employees in the U.S. who are considered retirees. It is not available to legacy Schering employees who are considered retirees.

Your cash, check, credit card or stock gift can be matched through the **Direct Giving** program.

P4G Payroll Deduction Program

The P4G Payroll Deduction option enables you to select a fixed-dollar deduction per pay period for your charitable donation(s). Enrollment can be done annually during the open enrollment period. The minimum gift is **\$24** per designated organization.

Payroll deduction pledges automatically "rollover" to the next year. Changes (including cancellations and organization changes) to current payroll deductions may also be made during the open enrollment period. To make a payroll deduction pledge online go to the Merck Gives Back website and click "CONTRIBUTE" during the open enrollment period.

Payroll deduction elections will be effective the first day of January each year. There will be special reminders to announce the payroll deduction enrollment period each fall.

Donor eligibility for the P4G Payroll Deduction program includes active U.S. and Puerto Rico based Merck employees (full- and part-time).

Organization Eligibility

The Merck Foundation reserves the right not to match gifts to any organization that it determines is not an appropriate recipient for charitable funds.

Organizations eligible to receive a Partnership for Giving matching gift contribution include nonprofits that support health and human services, arts and culture, animal welfare and environmental causes, and accredited educational organizations. To be eligible, the organization must be a nonprofit organization, public charity or NGO and hold a tax-exempt 501(c)(3) or 509 status or be instrumentalities of federal, state, or local government as provided by section 170(c)(1). In addition, the employee's service as a volunteer to the organization must not pose an actual or potential conflict of interest with the employee's service to Merck, or otherwise be inconsistent with company policies.

Organizations ineligible to receive a Partnership for Giving matching gift contribution include:

- Organizations that may in any way pose a conflict with Merck's goals, programs, products or employees
- Organizations that discriminate on the basis of race, color, sex, sexual orientation, marital status, religion, age, national origin, veteran's status or disability
- Educational organizations/schools, if the activity is specifically for your child's class, such as a fundraiser or field trip
- Organizations that advance efforts that are strictly sectarian, political, lobbying, labor, fraternal in nature or advance animal rights (excluding animal welfare) or gun rights
- Houses of worship (i.e. churches, synagogues, etc.) and religious programs or organizations whose principal purpose is propagating a particular religious faith, creed or doctrine (i.e. missions, church planting projects, religious orders, etc.), unless for a program focused on the betterment of the community in general (In such cases, include the community-related program information in the designation field when entering your matching gift request.)

Gift Eligibility

Gifts that will not be matched by the Foundation include:

- Gifts used to support a third party organization that has not been designated by the Merck employee/donor
- Combined gifts from a group of people represented as one gift from an eligible donor
- Gifts of real estate or other property (except securities)
- Gifts given through a third party or gifts given to an educational Institution or hospital as a way of supporting a third-party organization (e.g., an athletic, religious, or social organization)
- Gifts intended to fulfill a person's pledges, tithes, or other church related financial commitments
- Payments of tuition or other fees or dues
- Gifts to economic development organizations
- Gifts to support capital expenditures

Nonprofits Designation: What do the terms 501(c)(3), 509(a), and 170(c)(1) mean?

These terms refer to sections of the Federal Tax Code that establish the criteria for tax-exempt charitable organizations. An organization must have 501(c)(3), 509(a), or 170(c)(1) status to receive matching funds through the Merck Partnership for Giving.

**Note: Not all 501(c)(3) organizations qualify for the program.*

I don't know if my organization is eligible. What should I do?

Organizations must meet the Merck nonprofit eligibility guidelines, per the IRS master file list of nonprofit organizations. When you access the Merck Gives Back matching gift system, it will not allow you to submit a matching gift request for an organization that is not a nonprofit organization, based on the Merck Foundation guidelines. The IRS list updates every four to six weeks. If you find an organization is not on

the list and you verify that you have the correct organization name and location, you may want to check back on the site after several weeks to determine if the organization's nonprofit status has updated. If the nonprofit organization does not qualify based on additional eligibility guidelines listed in this document, you will receive a decline notification via email.

Charitable Flex Fund Option

The Charitable Flex Fund is an **organization selection** made available through the Partnership for Giving but is managed and administered by the Bergen County United Way.

- The employee's donation is made to the Charitable Flex Fund as a one-time gift or payroll pledge.
- Merck matches your donation 100% up to the P4G program limits.
- A minimum donation of \$100 is required, and a minimum distribution of \$25 per agency is required for each designation you make.
- Both your donation and the Merck matching funds will be deposited in your name to your individual Charitable Flex Fund account.
- You will receive a welcome package providing you with your personal identification number (PIN). If you are giving directly to your account, you must request matching funds through the Partnership for Giving Direct Giving option.
- Once your individual account has been set up, you can log on to the secure Flex Fund website (www.myflexfund.org/merck) using your PIN to view your current available Flex Fund account balance and make distributions to organizations that are eligible through the Partnership for Giving, at your convenience.
- You may use the website to designate amounts you wish to distribute to eligible organizations throughout the year using the funds in your account.
- Merck is not responsible for any aspect of the administration of the Charitable Flex Fund, including Internet security and fiduciary accountability.
- **For more information about the Charitable Flex Fund, please contact Flex Fund customer service representatives at 1-800-543-1203, <http://wp.myflexfund.org/>**

Administrative fees: Are any administrative fees deducted from my donation or from the Merck matching funds?

No. Merck pays separate administrative fees to the Partnership for Giving vendor, to administer the program and provide support services.

Cancellations: How do I cancel my current payroll deduction?

If you wish to cancel your payroll deduction outside of the enrollment period call Merck payroll directly [Merck Support at 1-866-637-2543 and choose option 2]. Cancel your deduction and then make note of it with at http://www.cybergrants.com/pls/cybergrants/ao_survey.form?x_gm_id=4778&x_section_id=1298224&x_quiz_survey_id=32420

Distribution of funds: When does the organization receive the matching gift?

Matching gifts for the **Direct Giving** program are processed quarterly. Eligible requests received by the last day of the quarter are included in that current quarter's payment.

After verification that your gift has been received by the organization and that the organization qualifies for matching funds, the matching gift check will be forwarded. Additionally, a separate letter goes to the organization providing the website location where they can view the list of contributing Merck employees and their related check amounts.

Employees have the opportunity to designate whether they wish to be named on this list as a donor or remain anonymous. The system currently defaults to allow the employee name to be viewed by the organization. If you choose to remain anonymous, you can change this default by going to the privacy preference area in "Edit Profile," via the Merck Gives Back website.

Payroll Deduction matching funds are distributed to the organization on a quarterly schedule beginning in April each year. Funds will be sent out approximately two to three weeks following the end of a quarter. Employee deduction funds are sent on the same quarterly schedule. A quarterly disbursement schedule is efficient and reduces the administrative expenses for Merck and the recipient organization(s).

Leave of Absence: What happens to my ongoing payroll deduction if I go on an unpaid leave of absence?

Payroll deductions will cease while you are on leave and will resume after you return. As a result, your annual gift amount will be reduced.

Request status: How do I determine the status of my request?

Request status is available on all giving related pages on the Merck Gives Back website and can be accessed by choosing "Contribution" in <https://merckgivesback.merck.com> and following the links for Partnership for Giving.

When do I receive a confirmation of my Merck Partnership for Giving pledge?

A system generated email is sent to confirm your request submission as well as to notify you of the approval confirmation.

Stock Donations

How does Merck match my stock gift?

When making a stock donation, enter the market value of the stock on the day you issued the stock to the nonprofit organization. The organization will be asked to confirm the realized value of the stock donation and the Merck Partnership for Giving will send matching funds equal to the realized value of donated stock.

What are the tax advantages of giving stock?

You can deduct the full current value of the stock (regardless of purchase price) and avoid the capital gains taxes associated with selling the stock for profit. Therefore, you pay no taxes on the appreciated value of the stock and take the full deduction for the current value of the stock.

May I donate my Merck stock options?

No, you may not donate Merck stock options. However, you may donate Merck stock after you exercise your options.

Tax and IRS

IRS Charitable Requirement

Your gift must be a voluntary charitable contribution made from your own personal resources and not from gifts or loans from any other person or organization. As a charitable contribution, your gift cannot be used to pay tuition, membership dues, or subscription fees; it cannot be used as payment in exchange for any kind of benefit received; and it cannot be given because you expect some monetary or other benefit to be given to you or to any other person or organization named by you.

Must I obtain a tax receipt?

Any single donation to a single organization requires a tax receipt from the recipient organization to qualify as a tax deduction.

How can I request a tax receipt for my donation?

Receipts are available throughout the website when issuing a gift click on "Print a copy of this information."

Is my donation considered pretax or post-tax?

Post-tax. This means that social security, federal, state, and city taxes have already been withheld from the money you are donating.

Unclaimed Donations

For all donations that remain unclaimed after 180 days, the Partnership for Giving will send an email to the organization requesting that they access the Merck Gives Back system to verify/correct their information. In those instances where necessary, checks will be void/reissued, and in some instances the donor will be contacted to redirect their donation.

Administration

The Merck Partnership for Giving reserves the right not to match gifts to any organization that it may determine is not an appropriate recipient for charitable funds.

The Partnership for Giving program may be revised, suspended, or terminated at any time at the option of the Merck Foundation. Its determination or any question of interpretation, application of provision, or administration shall be final.

Contact: Call 855-266-6774 or Email: merckgivesback@cybergrants.com

Please note that Merck retirees may access the P4G system via the URL, <http://www.cybergrants.com/merck/merckgivesback>.

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