



## **Domestic Partner Benefits Frequently Asked Questions and Answers**

### ***Question 1. Who is eligible for coverage?***

Kent State University will grant domestic partner benefits to registered same gender and opposite gender partners of university employee effective January 1, 2009.

### ***Question 2. When do I enroll?***

Generally, there are three times when you can add your partner to your benefits:

- As a newly hired or newly eligible employee within 31 days.
- After experiencing an eligible job status or family status change (mid-year status change) within 31 days.
- During the annual Open Enrollment period.

### ***Question 3. How do I apply for domestic partner benefits?***

To apply for domestic partner benefits, an *Affidavit of Domestic Partnership* form must be completed, notarized, and submitted to the Benefits Office along with required supporting documentation and applicable enrollment forms.

### ***Question 4. Is it true that I cannot make pre-tax payments under Kent State's benefit plans for the cost of my domestic partner's coverage?***

Yes, it is. Kent State's health care plan was established as a cafeteria plan under IRS regulations. This permits employees to have deductions for health care premiums taken from their pay on a pre-tax basis. IRS regulations for cafeteria plans do not allow employee premiums for domestic partner benefits to be taken on a pre-tax basis and must be treated as a taxable benefit. Since this is a federally taxable benefit, you cannot use pre-tax dollars to pay for it.

***Question 5. Why is health benefits coverage for my domestic partner considered a taxable benefit?***

An employer can provide certain benefits to its employees on a tax-exempt basis. Those benefits can also be extended to spouses and dependents of those employees on the same tax-exempt basis. The domestic partner benefit is federally taxable because the federal tax code does not recognize a domestic partner in the same manner as a spouse, and it does not automatically recognize a domestic partner benefit as a taxable dependent to you and withhold federal, Social Security, and Medicare taxes on its value unless you provide a certification that your domestic partner meets the federal tax code criteria for a dependent.

***Question 6. What is imputed income and why is it added to my paycheck when I cover my domestic partner?***

Imputed income is the fair market value of the additional benefit coverage for domestic partners and, under IRS regulations, is generally treated as taxable income to the employee. Imputed income is separate from, and in addition to, your bi-weekly plan cost. Imputed income is subject to both federal and FICA taxes and will be included on your W2.

***Question 7. I understand that my domestic partner could be considered as a "dependent" under IRS guidelines. What would qualify my domestic partner as a "dependent" under IRS guidelines?***

To claim your domestic partner as a dependent for tax filing purposes, you would need to meet the requirements provided under Internal Revenue Service Code Section 152.

***Question 8. If my domestic partner and I both work at Kent State University, can we both cover each other as well as our dependents?***

The faculty/staff member and dependent(s) can only be covered once. For example, you cannot have your own health insurance (or dental insurance) and be listed as a dependent on your domestic partner coverage. Essentially you cannot have double coverage.

***Question 9. How will my after tax medical premiums and imputed income be calculated if I add my domestic partner to benefit coverage?***

Employee medical premiums are determined based on the type of medical plan selected (level of coverage) by the employee and the annual salary of the employee. These premiums are deducted from the employees' pay on an after-

tax basis. The “fair market value” of the selected medical plan is the total cost of the plan to Kent State minus the total cost of the plan prior to adding the domestic partner. Premiums deducted on an after tax basis are deducted from the “fair market value” of the plan and this amount is considered as imputed income on the employee’s W-2.

As an example, a single employee with an annual salary of \$40,000 is enrolled in the Medical Mutual 90/70 medical plan and will pay \$33.36 (single rate) per month pre-tax for medical coverage. The employee adds a domestic partner on January 1, 2009. When the domestic partner is added, the monthly premium will increase to \$88.32 (family rate) and is deducted from the employee’s pay on an after tax basis.

Imputed income for W2 earnings is calculated by subtracting Kent State’s total cost of the Medical Mutual 90/70 single plan (\$359.95 per month) from the Kent State’s total cost of the Medical Mutual 90/70 family plan (\$953.41 per month). The difference of \$593.46 per month is considered the “fair market value” of the plan. This amount of \$593.46 is reduced by the new after tax monthly premium of \$88.32 (family rate) to yield an imputed income amount of \$505.14 per month or \$6,061.68 being added to the employee’s W2 statement for the year.

***Question 10. If I terminate my domestic partner’s benefits, will the domestic partner be eligible for COBRA?***

No. According to the IRS, a “qualified beneficiary” status is limited to employees, their spouses, and dependent children covered on the employer’s group health plan. A domestic partner is not a COBRA qualified beneficiary and therefore will not have his or her own COBRA rights. A domestic partner’s children that are not dependents of the employee may also not be COBRA qualified beneficiaries.

***Question 11. If I enroll in a flexible spending account or a health savings account, can my domestic partner utilize the reimbursement funds?***

No. Flexible spending accounts (FSA) and health savings accounts (HSA) are governed by IRS rules. The IRS does not recognize domestic partner status as a “qualified beneficiary”; therefore, reimbursement for an eligible domestic partner’s health care expenses cannot be administered through a flexible spending account (FSA) or a health savings account (HSA).