

Partner Agreement Form

Who Is An Eligible Member?

The employee who meets the eligibility requirements, and if applicable:

1. The employee's legal spouse; or
2. The employee's "partner", defined as:
 - a. Sole domestic partner
 - b. At least 18 years of age
 - c. Not legally married to anyone else
 - d. Not related by blood
 - e. Must provide evidence of either item i, item ii or any three of items iii through ix:
 - i. Evidence of civil union
 - ii. Evidence of registration as a domestic partnership or family unit in any state or municipality that offers such registration.
 - iii. Joint lease, mortgage, or deed
 - iv. Joint ownership of vehicle
 - v. Joint ownership of checking or credit account
 - vi. Designation of partner as beneficiary of insurance/pension
 - vii. Designation of partner as beneficiary in employee's will
 - viii. Designation of partner as holding power of attorney for healthcare
 - ix. Shared household expenses.
3. The employee's/spouse's unmarried children or children placed for adoption under age 19.
4. Newborn children.
5. Biological children, adopted children or children placed for adoption, or stepchildren.
6. Other children who live with or depend on the employee for financial support. We reserve the right to determine if they may be covered under this contract.
7. The employee's/spouse's unmarried children age 19 and older if they are dependent on their parent(s) for at least 50 percent of their support, and are:
 - a. Under age 25, not married and enrolled full time as a student in an accredited college or university, or
 - b. Mentally or physically disabled and not eligible for Medicare. The disability must have begun before the child's 25th birthday, and the child must have been covered by us on and continuously since his or her 25th birthday.

Note: It is a requirement that Human Resources is told when a marriage or domestic partnership ends. The plan reserves the right to request documentation and verification that confirms the relationship of the dependent to the employee.

As an employee, I wish to add a partner onto my medical and dental insurance. I satisfy the Partner definition above. I am attaching the required documentation for this coverage. I authorize the needed payroll deductions to be withheld from my check, on an "after-tax" basis. I realize my partner is not eligible for COBRA benefits and I may not submit expenses through my Healthcare or Dependent Care Spending Accounts.

Printed name _____ Dept _____

Signature _____ Date _____

The ABCs of Imputed Income – Partner Medical

Following are paragraphs of answers related to these topics:

1. What portion of the premium will be deducted “pre-tax”?
2. What portion of the premium will be deducted “after-tax”?
3. What is imputed income?
4. How am I taxed on imputed income?
5. What is the true cost of me adding my partner to the medical insurance?
6. What changes if my partner and I become married?
7. Do I need to record anything on my income tax return?

To answer the above questions, we need to identify costs associated with the medical plan. While the biweekly numbers below aren't exact, true numbers, they should help in explaining how impute income works.

<u>Level of coverage</u>	<u>Employee cost</u>	<u>Employer cost</u>	<u>Total cost</u>
Individual	\$ 50	\$200	\$250
Employee & children	\$100	\$300	\$400
Employee & spouse	\$150	\$400	\$550
Employee & family	\$220	\$480	\$700

Also, in this example, we are illustrating how imputed income when someone covers their opposite sex partner and two dependent children. (While most answers remain the same for same-sex partners, Question #6 would not apply unless federal law allows same-sex marriages.)

1. What portion of the premium will be deducted “pre-tax”? If you sign up for family coverage including your domestic partner, the pre-tax premium is the portion related to you and your children or in our example, \$100 will come out bi-weekly pre-tax.

2. What portion of the premium will be deducted “after-tax”? The after-tax premium will be the total family cost (\$220) less your pre-tax portion covering the children (\$100). This means \$120 will come out after-tax.

3. What is imputed income? Imputed income is the additional premium being **PAID BY THE EMPLOYER** while you cover your partner. Since the employer is paying \$480 biweekly for you to have family coverage and would pay \$300 biweekly for a children contract, the difference is imputed income. Therefore, you would see \$180 biweekly as imputed income.

4. How am I taxed on imputed income? Using the \$180 imputed income explained in #3 above, you need to be taxed on an additional \$180 on each paycheck. The Kronos payroll system does this by adding \$180 to your taxable income (similar to a \$180 bonus) then taking \$180 as an after-tax deduction from your paycheck. This \$180 is “washed through” your check stub making it taxable income to you. This will increase your W-2 for that year and, therefore, you will pay taxes on this imputed income amount.

5. What is the true cost of me adding my partner to the medical insurance? The true cost is the sum of #1, #2 and #3 above. Your individual tax bracket will determine the true cost of the after tax deduction and the imputed income.

6. What changes if my partner and I get married? If you married your domestic partner, the cost of family coverage would remain as \$220 biweekly but it would all be pre-tax and there would be no imputed income calculation.

7. Do I need to record anything on my income tax return? No, your W-2 includes all the necessary information. Pre-tax deductions do not appear on the W-2. Finally, the after-tax deductions and imputed income are included in your earnings.