

SURA/Jefferson Science Associates Same-Sex Domestic Partnership Coverage

SURA/Jefferson Science Associates offers coverage for Same-Sex Domestic Partners under the medical and dental insurance plans.

Eligibility

In order for an employee to add a same-sex domestic partner under their medical or dental insurance coverage, they must satisfy the requirements outlined in our Domestic Partnership Affidavit. Both the employee and the proposed partner must complete this form and it must be notarized. The form is then reviewed and approved by the HR Department prior to enrollment.

Termination of Domestic Partnership

If a partnership terminates, the domestic partner and his/her covered children are no longer eligible for the benefits under which they had been previously covered. Since domestic partners are not recognized as legal spouses for federal law purposes, SURA/Jefferson Science Associates does not offer COBRA to such individuals or their dependents. The employee must complete a 'Termination of Domestic Partnership' form as soon as the partnership has been dissolved and no longer qualifies under the guidelines stated in the affidavit. Upon completion of the 'Termination' form, the employee is not eligible to add a new domestic partner for a minimum of 12 months.

Cost of Coverage & Taxability

The employee payroll deduction amount for coverage of same-sex domestic partners and their dependents is the same as for any other enrolled employee. However, because the IRS does not recognize a domestic partner as a legal spouse, there are different tax implications related to both the employee payroll deductions as well as employer contribution towards the cost of the coverages offered under the company's Section 125 Plan (i.e. medical and dental).

The federal tax implications are as follows:

- Under the company's Section 125 Plan, employees covering their spouse or children for medical and/or dental coverage may pay for this coverage on a pre-tax basis. Because the IRS does not consider a domestic partner a legal spouse, the domestic partner portion of the premium cannot be deducted on a pre-tax basis. This also applies to the child portion of the premium *if* the child/ren are not the legal dependent of the employee. As such, employees covering domestic partners will have two separate deductions for medical and/or dental coverage on each paycheck. The employee portion of the premium will be taken on a pre-tax basis, and the domestic partner (and applicable dependents) portion will be taken on a post tax basis.
- The company pays for a portion of the medical and the dental insurance for both the employee and any eligible dependents - including domestic partners. The IRS states that if an employee receives such employer-paid health coverage for anyone who is not the employee's tax dependent, the value of the health coverage is imputed income and is taxable. This imputed income amount represents the difference between the full cost of coverage for the domestic partner (and/or partner's child) less the employee's after-tax contribution to cover that person. In light of this, the imputed income amount for an employee covering a domestic partner is determined based on the

medical and/or dental plan election, the level of coverage, and whether the eligible children are those solely of the partner, or those of the employee as well. Imputed income amounts are shown as a separate line item on an employee's paycheck.

- One limited exception is where the domestic partner (or now same-sex spouse) qualifies as a "dependent" under the Internal Revenue Code. If the partner or same-sex spouse falls within the confines of the definition of "dependent", then the health coverage is not taxable to him or her. To qualify as a dependent, (a) the partner or same-sex spouse must be a member of the employee's household and have the employee's home as his or her principal place of residence for a full calendar year, (b) the employee must provide over one-half of the total support for the domestic partner or same-sex spouse, (c) the partner must be a citizen or resident of the U.S. or a country contiguous to the U.S. and (d) the relationship must not violate local law. You should consult with your tax advisor and let SURA/Jefferson Science Associates know if your domestic partner or same-gender spouse meets the IRS definition of "dependent."