

# WESTMINSTER COLLEGE

## DOMESTIC PARTNER BENEFITS POLICY

### Overview

Westminster College offers a number of benefits to Domestic Partners of eligible faculty and staff members. The benefits extend to Domestic Partners who meet the enrollment qualifications summarized below and within each employee benefit Plan document.

### Reporting Requirements

- In order to receive college benefits for a Domestic Partner, the employee must complete an [Affidavit of Domestic Partnership](#).
- If the relationship with the Domestic Partner ends, the employee must notify the Human Resources Office within thirty-one (31) days of the end of the Domestic Partner relationship by filing a [Affidavit of Termination of Domestic Partnership](#). The employee must also mail a copy of the Statement to the other party.
- A new [Affidavit of Domestic Partnership](#) must be completed if another qualifying Domestic Partner relationship occurs in the future. However, a new Affidavit cannot be filed until twelve (12) months after the filing of a Statement of Termination.

### Benefits Extended to Domestic Partners

Beneficiaries of a Domestic Partner are eligible for the following benefit programs under the standard criteria established for and described within each benefit Plan document.

1. Employee Health Care Plan
2. Tuition Remission Plan
3. Flexible Spending Account (FSA) Plan
4. Dental Insurance Plan (voluntary plan)
5. Life Insurance (optional life)
6. Other - included in the definition of a family member

Domestic Partners are not eligible for FSA plan participation unless an official tax dependent status is fulfilled (see section below regarding tax dependent).

The college will make reasonable efforts to maintain the confidentiality of any faculty or staff member who seeks benefits. Enrollment forms and affidavits will be shared among the Human Resources staff as needed and/or any of its insurance carriers or administrators upon request.

### Eligibility Criteria for Benefit Enrollment

Eligible beneficiaries will be a covered employee's Domestic Partner (same-sex or opposite sex) and each unmarried child who (i) has not attained the age of 19 as of the close of the calendar year in which the taxable year of the taxpayer begins, or (ii) is a student who has not attained the age of 24 as of the close of such calendar year, or as allowed under the Plan, provided such beneficiary meets the criteria to be a dependent on the employee's federal income tax return. Coverage for dependent children of Domestic Partners will be available provided the dependent children are unmarried, primarily dependent on the employee for support, living with the employee in a regular parent-child relationship, and meet the age/school requirements contained in the plan of benefits. When coverage is terminated for a Domestic Partner, he/she will have no independent COBRA election rights. (Under certain circumstances, the employee may be required to provide the Plan with proof of dependency). Refer to Internal Revenue code section 152 for definitions of dependents.

The term "child", as used herein, shall also include an employee's or Domestic Partner's: (a) natural born child; (b) stepchild; (c) adopted child (from the date of placement with the employee for the purpose of legal adoption); (d) child for whom the employee is the legal guardian; or (e) child for whom the employee is required to provide health coverage due to a Qualified Medical Child Support Order (QMCSO).

If an eligible employee enrolls a Domestic Partner as a beneficiary under the Plan and the Domestic Partnership dissolves, terminating the coverage of the Domestic Partner, the employee may not enroll another person as a Domestic Partner and/or his or her eligible dependent children until twelve (12) months after said termination of coverage.

The term "Domestic Partner" shall mean a person who is approved by Westminster College as a Domestic Partner. The employee must execute and provide the College with an [Affidavit of Domestic Partnership](#), which states and gives proof that the Domestic Partner:

1. Has lived and resides together at the same permanent residence as the employee on a continuous basis in an exclusive, committed relationship for a minimum of twelve (12) consecutive months prior to the date of the Declaration and has not signed a Declaration of Domestic Partnership of any other person during the twelve (12) months prior to the date of the Declaration;
2. Is at least eighteen (18) years old and is competent to contract in the state in which they reside;
3. Is the sole Domestic Partner of the employee, and is not a Domestic Partner of anyone else;
4. Intends to reside together with the employee indefinitely as a life partner in a relationship of mutual support, caring and commitment;
5. Shares common necessities of life with the employee and both are jointly responsible for the common welfare and are financially interdependent, sharing financial responsibilities and expenses;
6. Meets the qualifications and requirements for the particular benefit Plan(s) selected;
7. Neither party is married to another person under either statutory or common law or related to the other by adoption or blood to a degree of closeness that would otherwise bar marriage in the state in which they legally reside.

No individual may be covered under any Plan as both an employee and a beneficiary. Also, no individual will be considered an eligible beneficiary of more than one employee.

The college reserves the right to request proof that a partnership meets the joint residency and financial interdependency eligibility criteria and the employee agrees to provide the college with supporting documents if requested to do so.

### **Adding the Domestic Partner to the Plan**

An eligible member may add a Domestic Partner to coverage during one of the three enrollment opportunities:

1. Initial hire - Employees must submit the appropriate paperwork and supporting documentation within 31 days of hire.
2. Annual open enrollment - Employees must submit the appropriate paperwork and supporting documentation during the announced period of time, which is generally mid-November to mid-December.
3. Qualifying Lifestyle change – Employees must submit the paperwork and supporting documentation within 31 days of the eligible qualifying change in status. Those changes would include, but are not limited to, partner's loss of coverage, a change in the partner's residence or work situation, or the 1 year anniversary of the Domestic Partner relationship or finalization of the member or Domestic Partner's divorce.

### **Effective Date of Coverage for Domestic Partner**

1. Initial hires - Employees who add a Domestic Partner to their coverage within 31 days of initial hire will have coverage effective the first day of the next month of employment, or as per the plan.
2. Annual Open Enrollment – The Domestic Partner's coverage would take effect January 1st.
3. Qualifying Change in Status – Employees who request Domestic Partner coverage mid-year due to experiencing an eligible change in status will have coverage effective the first day of the month following the qualifying event.

### **Enrolling Domestic Partners**

Employees seeking to enroll a Domestic Partner must complete an [Affidavit of Domestic Partnership](#), an insurance enrollment form, and provide proof of the relationship as mentioned above. Forms are available in the Office of Human Resources or on the college's website in the Human Resources section.

In order to enroll a Domestic Partner in any insurance plan, the following eligibility requirements must be met:

- a. the employee must be enrolled in the insurance plan, and
- b. all of the qualifications listed in the definition of Domestic Partner of this policy must be met.

Under federal tax laws, if a Domestic Partner does not qualify as the member's tax dependent as defined by the IRS (explanation below), and if an employee were to pay any portion of the Domestic Partner's premium, that portion of premium will be subject to federal, state, and any local withholding income tax, including Social Security tax. Employees who indicate on the [Affidavit of Domestic Partnership](#) that the partner is a tax dependent must provide a copy of the most recent year's income tax return. In that case, no portion of the premium would be subject to withholding of tax.

### **Change/Termination**

The employee is required to notify the Westminster College Human Resources Office if there is any change in the Domestic Partner status including, but not limited to eligibility for benefits under the Westminster College Plans.

Notice shall be given within thirty-one (31) days of the end of a Domestic Partner relationship by filing a [Affidavit of Termination of Domestic Partnership](#) (the "Statement") with the Westminster College Human Resources Office. The Statement shall affirm that the spousal equivalency status is terminated as of the date stated and that a copy of the Statement has been mailed to the other party by the individual authorizing such action.

## **Tax Consequences**

Employer coverage for individuals other than employees, their spouses, or their dependents as defined by the IRS Code and the Defense of Marriage Act are not excludable from the employee's total gross taxable income.

Current IRS regulations also do not permit Domestic Partner benefits to be paid for with pre-tax money. Therefore, deductions for benefits that the Domestic Partner selects will occur on an after-tax basis. Generally, a Domestic Partner will not qualify as the employee's spouse or dependent. As a result, the employee will be taxed on the value of any health coverage provided by the college for the Domestic Partner, less the premiums the employee pays for the insurance. Any federal or state tax impact resulting from the imputed value of the benefits provided under the Westminster College Domestic Partner Benefits Policy is the sole responsibility of the employee and Domestic Partner. The college currently does not pay any portion of dependent coverage; therefore, imputed value and the resultant tax consequences or impact should not be an issue.

## **Tax Implications of Covering a Domestic Partner for Health and Dental Insurance**

The IRS **does not** recognize a Qualified Domestic Partner for tax purposes. Qualified Domestic Partners may not file a joint tax return, and expenses of a Qualified Domestic Partner **do not** generally qualify as a dependent under the definition of a "qualifying relative" under Internal Revenue Code Section 152. If you are unsure, you may confirm eligibility by using the Internal Revenue Code Worksheet for Determining Support, IRS Publication 17, Worksheet 3.1.

There are strict tax regulations that must be met for a Domestic Partner to qualify as a tax dependent. Please seek the advice of a qualified tax accountant for specific questions. According to the Internal Revenue Code Section 152(a), a Domestic Partner can qualify as the employee's tax dependent only if:

1. For the entire calendar year, he or she lives with the employee as a resident of the household the employee maintains and occupies, and
2. During the calendar year, the employee provides more than half of his or her total support, and
3. The Domestic Partner earned less than the allowable exemption amount, and
4. Cannot be claimed as a dependent of another taxpayer.

If the Domestic Partner is considered a dependent, the employee will be required to participate in an annual recertification process. A recertification document will be sent from the payroll office, which the employee must complete and return. Failure to do so, or if the Domestic Partner does not continue to meet the eligibility criteria as a Domestic Partner, coverage will be terminated.

Employees who have a qualified Domestic Partner, who qualifies as a tax dependent but then loses that status, will have the responsibility to notify the Office of Human Resources of the change in order to have the designation changed with the payroll office.

## **Tax Implications of Covering a Domestic Partner for the Flexible Spending Account**

Since flex savings accounts are also regulated by the IRS, they set the guidelines as to Domestic Partner Eligibility.

For an employee to be able to cover their Domestic Partner's expenses with their flex savings accounts, the following rules must be met:

- The Domestic Partner must be a "qualified dependent" according to IRS rules, as noted above.
- The employee must be able to claim their Domestic Partner on their income tax.
- The employee must provide at least 51% of the Domestic Partner's support.

To qualify as a dependent for tax purposes, an individual must either qualify as a "qualifying child" or "qualifying relative."

In order for an individual to be considered a "**qualifying child**," an individual must:

- Bear a relationship to the taxpayer (son, daughter, grandchild, niece, nephew, brother, sister);
- Not provide over half of his/her own support;
- For the Health Care FSA, be under the age of 19 (or 24 if a full-time student);
- For the Dependent Care FSA, be under the age of 13 unless permanently and totally disabled; and
- Have the same principal residence as the taxpayer for more than half of the year (temporary absences due to illness, education, business, vacation, or military service do not disqualify the child).
- For the Dependent Care FSA only, not have income equal to or in excess of the Federal exemption amount for that tax year and cannot be claimed as a "qualifying child" by any other taxpayer.

In order for an individual to be considered a "**qualifying relative**," he or she must:

- Be a blood relative **AND** share the same primary residence with the taxpayer, or share the primary residence, if not a blood relative;
- Receive over half of his/her support from the taxpayer;
- Is not a qualifying child of such taxpayer or of any other taxpayer for the taxable year
- Be a U.S. citizen (The term "dependent" does not include an individual who is not a citizen or national of the United States unless such individual is a resident of the United States or a country contiguous to the United States).

**Note:** There is still an exception for health expenses incurred for a child of divorced parents. As long as one parent can claim the child as a dependent, the healthcare expenses incurred by the participant qualify under the Healthcare FSA, regardless of residency.

*The above policy provides a general description of the benefit programs that are currently offered to eligible, Domestic Partners of Westminster College employees. Where benefits are governed by a formal Plan Document or Master Policy, the exact terms of that plan or policy will govern. While it is presently Westminster College's intent to continue all current benefit plans and policies, Westminster College reserves the right to change, supplement, amend or terminate at any time any benefit plan or policy presently in effect.*

**Related Forms:**

1. Affidavit of Domestic Partnership
2. Affidavit of Termination of Domestic Partnership

These forms are available for download via the Westminster Website on the Human Resources Forms section or in the Human Resources Office.