

Tax Treatment of Health Care Benefits for Spousal Equivalents

Health care benefits provided to employees and their legal dependents are not considered taxable benefits under Internal Revenue Code Sec. 106. The employee's health care cost-share may be withheld on a pre-tax basis for coverage of both the employee and any legal dependents. The value of health insurance benefits provided by an employee for spousal equivalent coverage, however, is not eligible for the same tax treatment.

Any additional cost-share amounts attributable to a spousal equivalent's coverage must be withheld on an after-tax basis. The IRS has also stated that the employee must be taxed on the fair market value of the spousal equivalent coverage that is paid for by the employer. This amount must be shown as "imputed income" on the W-2 form, reduced by any after-tax cost-share deductions for the spousal equivalent's coverage. [The current value of an individual contract is available from the Office of Personnel Services.]

To calculate going from a single to 2-party plan with Highmark Enhanced PPO:

Rate A:	1.7% of annual salary (Highmark Enhanced PPO single plan cost-share rate)		
Rate B:	3.5% of annual salary (Highmark Enhanced PPO 2-party plan cost-share rate)		
Employee's annual salary:	\$60,000.00		
Annual cost of individual plan:	\$4,663.68		
Pre-tax cost-share:	\$1,020.00 per year	Calculation:	\$60,000.00 x 1.70%
After-tax cost-share:	\$1,080.00 per year	Calculation:	(3.5% - 1.7%) x \$60,000.00
Total cost-sharing:	\$2,100.00 per year		
Imputed income on W-2:	\$3,583.68	Calculation:	\$4,663.68 - \$1,080.00

To calculate going from a 2-party to family plan with GHP HMO:

Rate A:	2.9% of annual salary (GHP HMO 2-party plan cost-share rate)		
Rate B:	4.0% of annual salary (GHP HMO family plan cost share rate)		
Employee's annual salary:	\$30,000.00		
Annual cost of individual plan:	\$3,794.28		
Pre-tax cost-share:	\$870.00 per year	Calculation:	\$30,000.00 x 2.9%
After-tax cost-share:	\$330.00 per year	Calculation:	(4.0% - 2.9%) x \$30,000.00
Total cost-sharing:	\$1,200.00 per year		
Imputed income on W-2:	\$3,464.28	Calculation:	\$3794.28 - \$330.00

To calculate your own cost-share and taxable imputed income:

1) Calculate your pre-tax cost-share deduction:

Cost Share Rate A of _____% times Annual Salary of \$ _____ = \$ _____ per year

2) Calculate your after-tax cost-share deduction:

Cost Share Rate B of _____% minus Cost Share Rate A of _____% = _____% for after-tax cost-share

After-Tax Cost-Share Rate of _____% times Annual Salary of \$ _____ = \$ _____ per year

3) Calculate your taxable imputed income:

Individual Plan Contract Value of \$ _____ minus after-tax cost-share of \$ _____ = \$ _____ per year



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Bucknell

Certification for Spousal Equivalency

Declaration

We, _____ and _____
(Employee Name) (Employee SSN) (Spousal Equivalent Name) (Spousal Equivalent SSN)
certify that we meet the following eligibility requirements:

- We are each other's sole partners, have been members of this partnership for at least six (6) months and intend to remain in this partnership indefinitely.
- Neither of us is married, legally separated or has another spousal equivalent.
- We are both age 18 or older and not related to a degree of closeness that would prohibit marriage in the state in which we legally reside.
- We have resided together in the same residence and are financially interdependent for at least six (6) months and intend to do so indefinitely.
- We are jointly responsible for each other's welfare as represented by joint bank accounts, a joint mortgage, and/or naming each other as insurance beneficiaries or the spousal equivalent is a legal tax dependent under IRS Sec.152.

Certification

Our signatures below are our acknowledgement that we understand that any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person(s) to criminal and civil penalties.

I hereby certify that the above named person and I meet the eligibility requirements for Bucknell University's spousal equivalency benefits. I understand that I am responsible to inform Human Resources within 30 days if this relationship is terminated. I further understand that there is a 12-month waiting period to enroll a new spousal equivalent. I also understand that unless my partner is a tax-qualified dependent, the University's cost in providing health insurance and tuition remission is considered taxable income to me.

Signature of employee: _____ Date: _____

I hereby certify that I am the spousal equivalent of the above named Bucknell University employee according to the certification criteria listed above. I understand that if this relationship terminates, I am no longer eligible for any spousal equivalency benefits.

Signature of spousal equivalent: _____ Date: _____

Tax-Qualified Dependent Certification (if applicable)

After certification with a tax advisor, I certify that the above-named person, _____, is my legal tax dependent under IRS Sec. 152. I understand that falsely certifying dependency status could result in charges of tax fraud. I agree to notify Human Resources within 30 days if there is a change to this tax status

Signature of employee: _____ Date: _____

***The back of this form must be filled out for employees covered under GHP.**

Notarization of signatures for enrollment of spousal equivalent in Geisinger Health Plan (if applicable)

The signatures on this form must be witnessed by a Notary Public if health care coverage is being provided by GHP.

Witness my hand and official seal:

Signature of Notary _____ Date _____

State of _____ County of _____

Benefit Plans/Courtesy Benefits Available for Spousal Equivalents of Bucknell Faculty and Staff

Health Insurance Plans

Highmark Blue Shield Enhanced PPO, Highmark Blue Shield Essential PPO, or Geisinger Health Plan insurance is available to spousal equivalents of Bucknell University employees in heterosexual and same-sex relationships. The insurance carriers require certain documents to certify the relationship.

The following benefits and courtesy benefits are available to all spousal equivalents:

Identification Cards/Parking Privileges

Bucknell identification cards and parking stickers are available to legal spouses and spousal equivalents. The Bucknell ID card can be used as a library card, an admission card for some campus events, and a charge card at the Bookstore. A Bookstore discount and discounts for some cultural and sports events are also available with a Bucknell ID.

Leaves of Absence

The University extends Family and Medical Leave Act (FMLA) benefits to include the care of a spousal equivalent during a serious illness. Such leaves are not required by FMLA. However, the University extends this benefit to faculty and staff whose request for a leave to care for a partner during a serious illness is approved. In this situation, the leave will be considered for approval provided that the request meets all other stipulations of the FMLA as well as the University's definition of an exclusive spousal equivalent relationship.

Life Insurance and Retirement Plans

A spousal equivalent may be named as a beneficiary under the University's group life insurance plan. A spousal equivalent may also be named as a beneficiary for retirement plans unless the faculty or staff member is legally married and the spouse has not waived rights to retirement income or pre-retirement death benefits.

Tuition Remission

Tuition remission for Bucknell undergraduate and graduate courses is available to a spousal equivalent under the provisions of the tuition remission program for legal spouses as described in faculty and staff handbooks.

Under some circumstances health insurance and tuition remission benefits are considered taxable income to the employee in accord with IRS regulations governing employer benefit plans. For more information, or to request certification and enrollment forms, please contact Kelley Hassenplug, x71631, Human Resources.