CALIFORNIA STATE UNIVERSITY, FRESNO

DOMESTIC PARTNERSHIP TAXABLE INCOME FOR BENEFITS

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Domestic Partnership as defined by the State of California: Same-sex domestic partnerships between persons who are both at least 18 years of age, **OR** opposite sex domestic partnerships when one or both persons are over the age of 62 and one or both partners meet the specified eligibility criteria under the Social Security Act as defined in 42 U.S.C. Section 402 (a) for old-age insurance benefits **OR** Title XVI of the Social Security Act as defined in 42 U.S.C. Section 1381 for aged individuals.

DOCUMENTATION: **Domestic Partnerships meeting these requirements are eligible to register with the Secretary of State a Declaration of Domestic Partnership.** When enrolling a domestic partner a copy of the filed Declaration of Domestic Partnership and the domestic partner's social security number are required at the time the enrollment forms are completed with Human Resources, Joyal Administration Room 211.

TAX ADJUSTMENT: The medical and dental benefits are federally taxed. The Internal Revenue Service has ruled that the actual cost of the domestic partner benefit is taxable income to you. To arrive at the actual cost of this benefit, the CSU has examined the premium structure for health, vision, and dental benefits.

For health and dental, CSU has the following structure:

- Employee only
- Employee plus one dependent
- Employee plus two or more dependents

For these two health benefits, the taxable income of the domestic partner benefit will be the cost difference between the employee only and the employee plus one dependent premium rate. This approach recognizes the value of adding one dependent, using a single employee as the base line. The State Controller's Office will use a flat tax rate of **25% federal, 6.2% Social Security, and 1.45% Medicare** to withhold taxes on the value of the benefits. These withholding will be reflected as adjustments in each monthly pay warrant.

The taxable value of the benefit will be constant as shown in the following examples:

MEDICAL

- An employee enrolled in Kaiser for self only at the one-party rate adds his/her domestic partner. The monthly taxable value of the benefit is the two-party premium rate less the one-party premium rate ($1266.08 - $633.04= $633.04). Each month, the employee will have an additional $633.04 in taxable income.
- An employee enrolled for self and family at the three-party rate adds his/her domestic partner. The taxable value of the benefit is still the two-party premium rate ($1266.08 - $633.04 = $633.04). Again, each month, the employee will have an additional $633.04 in taxable income.

DENTAL

- An employee enrolled in Delta Dental Enhanced II for self only at the one-party rate adds his/her domestic partner. The monthly taxable value of the benefit is the two-party premium rate less the one-party premium rate ($87.96 - $46.62= $41.34). Each month you will have an additional $39.93 in taxable income.

VISION
For vision, the cost is a flat rate, regardless of the number of dependents. Adding domestic partners to the program will not have a negligible impact on the premium. As a result, there is no taxable income to you for adding a domestic partner to your vision insurance plan.

For additional information contact Human Resources at (559) 278-2032.