



Domestic Partnership Benefits Frequently Asked Questions (FAQs)

Effective January 1, 2015, Metro began offering medical, dental, vision, dependent life insurance and flexible spending benefits (FSAs are limited to qualified tax dependents only) to domestic partners of Metro employees and pensioners to the extent permitted by applicable law, and unless prohibited by a contractual agreement between the Metropolitan Government and an insurance provider. The first opportunity to enroll domestic partners was during the 2015 Annual Enrollment in September 2014. After this initial enrollment period, domestic partners may only be added within 60 days of an eligible change in status. The following answers many of the most frequently asked questions about Metro Nashville's domestic partnership benefits.

What is a Domestic Partner?

A domestic partner is a person with whom a Metro employee or pensioner shares a committed relationship with and includes same and opposite sex partners. The partners must share a primary residence and have chosen to share one another's lives in an intimate and committed relationship of mutual caring that is intended to be life-long.

Additional requirements include:

- Both partners are over the age of 18;
- Both adults have shared a primary residence for the preceding 365 days;
- Both adults are jointly responsible for basic living expenses as demonstrated by a signed Declaration of Domestic Partnership demonstrating financial interdependence;
- Neither of us are currently or have been married or legally separated from another person within the last 365 days (if divorced, a copy of divorce decree for each partner is required to be provided to Metro Human Resources); and
- We are not related by blood in a manner that would bar marriage under the laws of the State of Tennessee.

When Can I Add my Domestic Partner and When Will Coverage be Effective?

Qualified domestic partners may be added within 60 days of an eligible change in status event or active employees may add during an Annual Enrollment period. You must contact Metro Human Resources to schedule an appointment to complete the necessary forms and provide documentation to support your relationship. Benefits will be effective the date of the eligible change in status event or if enrolled during Annual Enrollment, January 1, of the following year. Pensioners may only add their domestic partner and his/her partner's dependent children within 60 days of an eligible change in status event.

What Documentation Must I Provide to Add my Domestic Partner?

You may enroll your qualified domestic partner by filing a Declaration of Domestic Partnership form with Metro Human Resources as a new hire, during Annual Enrollment (active employees only) or when you experience an eligible change in status. In addition to the Declaration, you and your domestic partner must also provide proof of your shared primary residence for the preceding three hundred sixty-five (365) days and financial interdependence by providing at least 3 of the following documents:

- Joint ownership of a primary residence or joint tenancy of a residential lease;
- Copy of a utility (water, gas, or electric) invoice listing both domestic partners;
- Joint ownership of an automobile (auto registration, joint auto insurance);
- Joint bank or credit account;
- Joint liabilities (e.g. credit cards or loans, etc.);
- A will or trust designating the domestic partner as beneficiary;
- A retirement plan or life insurance policy beneficiary designation form designating the domestic partner as beneficiary;
- A signed durable power of attorney to the effect that the employee and the domestic partner have granted powers to one another;
- Copies of each domestic partner's driver's license that indicates the same address; or
- Other acceptable proof of joint financial responsibility as determined by Metro Human Resources.

How Much Will I have to Pay for my Domestic Partner's Coverage?

There will be no difference in the amount of premiums charged for domestic partners as charged for opposite-sex spouses. However, your premiums may be taxed differently depending upon whether your domestic partner is your tax dependent.

If your domestic partner is not your tax dependent as defined by IRS Code Section 152, the value of benefits coverage paid by Metro is considered wages for federal and/or state tax purposes and are required to be included in your gross income (as imputed income). In addition to imputed income calculations, the difference that you will pay between the single premium and family premium will be paid by you on a post-tax basis. This means the single premium amount will be deducted from your paycheck before payroll taxes are calculated, but the difference between the family premium and single premium will be deducted from your paycheck after payroll taxes are calculated – making the difference in single and family premiums a post-tax benefit.

Example of the taxation if you enroll your non-tax dependent domestic partner or his/her dependent child(ren) in the BCBS PPO plan:

If you elect the BCBS PPO for you and your domestic partner, you will pay \$398 per month for the coverage. The \$398 will be subject to the following tax treatment:

	Employee Monthly Contribution	Tax Treatment of Premium
Family premium	\$398	
Single premium	\$166	The premium is deducted from your pay before payroll taxes are calculated
Difference between family premium and single premium	\$232	If your domestic partner is <u>not</u> your tax dependent, the difference in single and family premiums is deducted after payroll taxes are calculated

If your domestic partner does qualify as your tax dependent, the value of health coverage provided by the plans will not be considered wages for tax purposes and your premiums can be paid on a pre-tax basis. In other words, in the example above, the entire \$398 monthly premium will be deducted from your pay before payroll taxes are calculated.

You are required to complete and submit the Certification of Domestic Partner Tax Status form to Metro Human Resources in order to provide Metro with the tax status of your domestic partner and his/her eligible dependent child(ren). Metro will require you to update the Certification every year if you certify your domestic partner or his/her children are your tax dependents.

What is Imputed Income and Why is it Added to my Paycheck when I Cover my Domestic Partner?

Imputed income is the fair market value of the additional benefit coverage for domestic partners and, under IRS regulations, is generally treated as taxable income to the employee or pensioner. Imputed income is separate from, and in addition to, your premium cost. Imputed income is subject to both federal and FICA taxes and will be included on your W-2 (or 1099-R for pensioners).

Here's an example of how imputed income will impact earnings reported on the W-2 for an employee enrolled in the BCBST PPO whose domestic partner or his/her child(ren) are not a tax dependent of the employee. (This treatment would apply to medical, dental and vision benefits). Remember that Metro pays 75% of the total medical premium and you pay only 25% of the premium.

PPO monthly premium paid by Metro is:

- \$1,194.00 (family coverage premium paid by Metro)
- \$ 498.00 (single coverage premium paid by Metro)
- \$ 696.00 (monthly difference between family and single coverage paid by Metro)

\$696.00 x 12 months of premiums = **\$8,352 Imputed Taxable Income**

\$8,352 will be included as taxable earnings on your W-2, and this amount will be subject to both federal and FICA taxes.

I am Enrolled in the HealthCare Flexible Spending Account. Can I Submit my Domestic Partner's Claims for Reimbursement?

Generally, the answer is no. Under IRS rules, claims can only be reimbursed for the employee, the employee's spouse or the employee's tax dependents. However, if you can claim your domestic partner as a tax dependent, then you may be able to submit your domestic partner's claims for reimbursement.

What Happens to my Domestic Partner's Coverage if I Lose Coverage? Is COBRA Coverage Available for my Domestic Partner?

If you lose group health plan coverage due to a termination of employment or a reduction in work hours, you will be able to continue your domestic partner's and his/her dependent children's coverage if you elect COBRA.

What Happens to my Domestic Partner's Coverage in the Event of my Death?

If you die and your domestic partner will receive a survivor pension benefit, coverage will continue. If no survivor benefit is payable to your domestic partner, coverage will continue until the end of the month in which you die and your partner will be offered COBRA continuation coverage.

What Happens if I Terminate my Relationship with my Domestic Partner?

As stated in the Declaration of Domestic Partnership form, you must complete a Termination of Domestic Partnership form and file it with Metro Human Resources within 30 days of the termination of the partnership. Coverage will terminate on the date I complete the Termination form and COBRA continuation coverage will be offered. If you fail to notify Metro Human Resources within 30 days of the termination of the partnership, you will still be required to pay family premiums the remainder of the calendar year and may be subject to post-tax treatment on those premiums.

If my Domestic Partnership Ends, May I Enroll a New Domestic Partner?

Yes, you may enroll a new domestic partner; however, you may not add a new (or previously terminated) partner and new (or previously terminated) dependent children to Metro's benefits' for 365 days from the date your last Termination of Domestic Partnership form was filed with Metro Human Resources. As stated in question #1 above, one of Metro's requirements for a domestic partnership is that both adults (employee/pensioner and their domestic partner) have shared a primary residence for the preceding 365 days to establish (or reestablish) a domestic partnership.

What if my Domestic Partner is also a Metro Employee?

If your domestic partner is also an employee, you cannot be covered as both an employee and a dependent under Metro's medical, dental and vision plans. You must each elect coverage for yourself and your dependents – or one of you could elect to carry family coverage and the other could opt out of Metro's coverage. (Keep in mind that electing family coverage may make you subject to paying a portion of your premium on a post-tax basis and also having Metro's portion of the premium included as imputed income on your W-2 (or 1099 for pensioners).

What if I marry my Domestic Partner after I've Enrolled them in Benefits and/or Completed a Declaration Domestic Partnership?

If you marry your domestic partner, you should contact Metro Human Resources immediately so that we may change the status of your new spouse and to take advantage of the pre-tax tax status. You will be required to provide a copy of your marriage certificate.

Can my Domestic Partner Receive my Pension Benefits if I die?

As a service pensioner, you may elect to leave your service pension survivor benefit to anyone you choose. However, a survivor benefit for an active employee or disability pensioner may only be paid to the spouse as legally recognized by the State of Tennessee or to the member's dependent child(ren). Therefore, if you die as an active employee, your domestic partner will not receive a survivor benefit or be entitled to insurance benefits unless you have a Declaration of Domestic Partnership already on file with Metro Human Resources at the time of your death. You may file a Declaration of Domestic Partnership for pension plan purposes even if you chose not to add your domestic partner to your insurance benefits.

If the member dies without a Declaration of Domestic Partnership form on file with Metro Human Resources, the domestic partner and/or the domestic partner's dependent children will not be entitled to receive pension benefits or health insurance except under COBRA continuation. Thus, for purposes of Metro benefits, a domestic partnership exists only when a Declaration that meets the requirements of Metro Ordinance BL2014-779 has been submitted to Human Resources. Even if a couple claims that they have a "domestic partnership", if they have not submitted the requisite Declaration of Domestic Partnership form to Human Resources, a domestic partnership does not exist for purposes of Metro benefits.

For more information, contact Metro Human Resources at (615) 862-6700.

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