



# San Diego Unified School District

EUGENE BRUCKER EDUCATION CENTER  
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HUMAN RESOURCE SERVICES DIVISION  
Employee Benefits Operations

## **Information on Same-Sex Domestic Partner or Registered Opposite Sex Domestic Partner Health Coverage 2008**

Enclosed are forms and information regarding medical, dental, and vision coverage for a same-sex domestic partner or registered opposite sex domestic partner and his/her eligible children. Please be sure to study all the information very carefully. It is important to understand the legal and tax implications of providing such coverage.

Unless a same-sex domestic partner or registered opposite sex domestic partner is considered an employee's dependent for tax purposes under Section 125 of the Internal Revenue Code, the Internal Revenue Service currently treats as imputed income of the employee, the value of the health coverage provided to same-sex domestic partners and their eligible dependents, less any contribution paid by the employee for this coverage. Therefore, if you elect to provide coverage for a same-sex domestic partner, the District must adjust your W-2 to show the value of this coverage as taxable income.

The following tables indicate how the district will attribute taxable income for each of the medical, dental, and vision plans. The applicable amount(s) will be reflected on your pay warrant each month except July and August. Because the Internal Revenue Service has not issued formal regulations of the tax consequences, you are advised to consult your own personal legal or tax counsel before making an election to cover a same-sex domestic partner.

With the passage of Assembly Bill 25, the value of the health care coverage provided to registered same-sex domestic partners and their eligible dependents is not included in an employee's State of California taxable income.

**Additional Tenthly Taxable Income**

<b>Medical</b>	<b>PacifiCare HMO</b>	<b>PacifiCare POS</b>	<b>Kaiser</b>
Same-Sex or Opposite Sex Domestic Partner	\$475.41	\$543.24	\$410.89

<b>Dental</b>	<b>Delta Dental PPO</b>	<b>DeltaCare USA</b>	<b>Western Dental</b>
Same-Sex or Opposite Sex Domestic Partner	+ \$ 41.68	+ \$ 14.94	+ \$ 17.86

**Additional Tenthly Taxable Income**

<b>Vision</b>	<b>Vision Service Plan</b>
Same-Sex or Opposite Sex Domestic Partner	\$6.46

To enroll a same-sex domestic partner or same sex registered domestic partner and, if applicable, the children of your same-sex domestic partner, please complete and return all required forms to the Employee Benefits Operations Office located in Room 1150-A at the Eugene Brucker Education Center within 31 days from the date of hire or 31 day from the date of registration as a domestic partner.

If additional information is needed, please call the Employee Benefits Operations Office at (619) 725-8130, option 6.

# Overview of Health Coverage For Employees' Domestic Partners

## How Does an Employee Qualify for This Benefit?

- If an employee and his or her partner are “registered domestic partners,” they can qualify for medical, dental, or vision benefits by filing a Declaration of Domestic Partnership with the District Plan Administrator or designated representative.
  - Enrollment of domestic partners and/or child(ren) of domestic partners may occur during the district’s annual enrollment period, upon being hired by the District or within 31 days from registering as domestic partners.
- If an employee chooses to exercise this option, he or she will be able to choose from medical, dental, or vision care plans offered by insurers that have agreed to provide coverage of domestic partners.

## What Happens to the Domestic Partner’s Coverage When the Employee Leaves Employment or Dies?

- Coverage is terminated for the Domestic Partner and his or her children. A limited conversion policy may be available from the medical insurer.

## What Are the Tax Consequences of Electing This Benefit?

- **THE DISTRICT OR THE SAN DIEGO COUNTY SCHOOLS VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION CANNOT PROVIDE TAX OR LEGAL ADVICE ON THE IMPLICATIONS OF ADDING DOMESTIC PARTNER COVERAGE. INDIVIDUALS SHOULD REVIEW THE IMPLICATIONS WITH THEIR OWN LEGAL OR TAX COUNSEL.**

## **Overview of Health Coverage For Employees' Domestic Partners**

Information is provided on how some employers are handling this issue, but each district must make its own determination.

- Unless the domestic partner and/or child(ren) of the domestic partner also is considered the employee's dependent for tax purposes under Section 152 of the Internal Revenue Code, the Internal Revenue Service currently treats as imputed income of the employee the value of the health coverage provided domestic partners and their child(ren), if any, less any contribution paid by the employee for this coverage.
- According to the IRS, you are taxed on the fair value of the coverage provided. The cover letter provides the monthly value that the District will use for determining the taxable income for domestic partner coverage in 2008. This is not a guarantee that the IRS will agree with the amount of taxable income. The IRS has never issued regulations on how "fair value" is determined.

### **Are There Other Legal Consequences To Electing This Benefit?**

Employees wishing to opt for this benefit are advised to consult an attorney regarding the possibility that the filing of Domestic Partnership may have other legal consequences, including that it may, in the event of termination of the Domestic Partner relationship, be regarded as a factor leading a court to treat the relationship as the equivalent of marriage for the purpose of establishing and dividing community property, or for ordering payment of support.