University of Alaska

Explanation of Availability of Benefits Based on Financially Interdependent Relationship

Benefit Coverage

Upon request, qualified financially interdependent partners and their dependent children will be provided the same benefits as those provided to married spouses and their dependent children, except where expressly prohibited by law. All University of Alaska Policies and Regulations and benefit plan documents that affect employees, spouses and their families also apply to employees and their financially interdependent partner and dependent children.

Taxability

In many cases, the value of benefits such as health care, tuition waiver, life insurance etc., provided to the non-married financially interdependent partner and/or the partner's children are considered taxable income to the employee by the Internal Revenue Service and will be reported as income on the employee's W2 form. Generally, the determination of whether a particular coverage or reimbursement is taxable will be based on whether the individual being covered qualifies as a "dependent" under Section 152 of the Internal Revenue Code.

If a financially interdependent partner and/or child(ren) of such partner does not meet the Section 152 "dependent" definition, employees will be taxed on the value of coverage provided to such individual(s). Each pay period, employees will be taxed on the value of coverage; as a result, employees who elect coverage for non-Section 152 "dependents" will see increased taxes withheld.

Qualified Dependent Children of a Financially Interdependent Partnership

The children of a financially interdependent partner are qualified to receive benefits if one of the following are true:
- either or both partners are the biological parent(s) of the child;
- either or both partners are adoptive parent(s) of the child; or,
- the child has been placed in the partners' household as part of an adoptive placement or foster child placement.

In addition, in order to receive benefits, the child(ren) must meet all applicable benefit plan eligibility criteria.

Loss of Benefits

Eligibility for benefits based on financial interdependency ends when any applicable criterion ceases to be met, (e.g. the relationship ends; one partner dies; one of the partners marries; the employee and partner no longer reside together at the same primary residence).

Otherwise, coverage may be changed only if the employee and/or partner suffers a "life event". For this purpose, dissolution of the financial interdependency partnership will be considered a "life event" in the same way that a divorce would qualify. Financially interdependent partners and/or their child(ren) may only be added at open enrollment or following an appropriate "life event". Once a financial interdependency partnership has dissolved, a new partnership will not be eligible for recognition (and, therefore, partners and/or child(ren) cannot be covered) for at least twelve months following dissolution of the prior partnership.

The employee and/or the partner are obligated to notify the local University personnel office in writing within thirty days of a change in their status which would make them no longer eligible for benefit coverage based on being financially interdependent.

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Qualifying Criteria

To be recognized as a financially interdependent partner of a University of Alaska employee and qualified to receive benefit coverage by the University, both individuals must meet all of the following criteria:

- ❑ They have been in an exclusive personal relationship with each other for at least the last twelve consecutive months and intend to continue the relationship indefinitely; and,
- ❑ They have resided together at the same primary residence for at least the last twelve consecutive months and intend to reside together indefinitely; and,
- ❑ They consider themselves to be members of each other's immediate family; and,
- ❑ They are not related to a degree of closeness such that Alaska law would preclude them from being married to each other; and,
- ❑ Neither of them is married or a member of another University qualified financially interdependent relationship; and,
- ❑ They are each at least 18 years old and are each competent to enter into a contract; and,
- ❑ They are each responsible for the common welfare of the other; and,
- ❑ They share financial obligations including responsibility for each other's health care costs.

In addition, they meet at least five of the following criteria:

- ❑ joint purchase or lease of real property;
- ❑ joint ownership of a motor vehicle;
- ❑ joint bank account or joint credit account;
- ❑ the partner is named as beneficiary for life insurance provided through the University of Alaska;
- ❑ the partner is named as primary beneficiary for the TRS, PERS, or ORP and the University's Pension Plan in the event of the employee's death;
- ❑ the partner is named as primary beneficiary in the employee's will and/or the employee is named as the primary beneficiary in the partner's will;
- ❑ pursuant to a valid written power of attorney, the partner has authority to deal with property owned by the employee;
- ❑ the employee has given written authority to the partner to make decisions concerning the employee's health and well being in the event of the employee's inability to do so.

The employee and/or partner may be required to provide evidence of financial interdependency. This could include copies of contracts, bank account statements, joint property agreements or other documents as determined by the University.