

Domestic Partner Imputed Income Information

This document is intended to provide a high-level overview of the IRS tax ramifications for covering a domestic partner under Acadia health plans, and should not be considered tax advice. Before enrolling a domestic partner on Acadia health plans, you should consult with your tax advisor to ensure you fully understand the tax implications for covering domestic partners.

When an employee elects to enroll a domestic partner who does not qualify as an IRS defined tax dependent in health plans such as medical, dental, vision, etc., the cost of covering the domestic partner and/or partner's eligible children will be taxed as imputed income. Just like regular pay, this imputed income is considered taxable income for the employee.

Below is an example of how the imputed income is calculated for an employee enrolling a domestic partner in medical coverage:

- Total Monthly Employee-Only Premium = \$600
- Employer Monthly Paid Portion of Premium = \$450
- Employee Monthly Paid Portion of Premium = \$150

- Total Monthly Employee + Spouse Premium = \$1250
- Employer Monthly Paid Portion of Premium = \$937.50
- Employee Monthly Paid Portion of Premium = \$312.50

Calculation of Imputed Income

Deduct employer premium for Employee-Only coverage from employer premium for Employee + Spouse premium amount:

- $\$937.50 - \$450 = \$487.50/\text{month}$
- $\$487.50 \times 12 \text{ months in a year} = \$5,850$

In this example, \$5,850 will be added to the employee's taxable earnings as imputed income, and will be reflected on the employee's W-2 for the year(s) that the domestic partner is covered under the plan(s).

If you have questions regarding imputed income, please check with your tax or financial advisor as Acadia is not able to provide tax guidance.