



INFORMATION SHEET REGARDING BENEFITS FOR DOMESTIC PARTNERS

Effective January 1, 2000, Contra Costa County and those Special Districts under the jurisdiction of the Board of Supervisors (herein Contra Costa County), extended medical and dental benefits to the domestic partners of its employees, and to the dependent children of those domestic partners. This policy was adopted in order to equalize employment benefits between married couples and couples who are not married, either through choice or because they are barred from marriage as in the case of lesbians or gay men.

Effective January 1, 2002, California Law AB25 significantly expanded the rights of domestic partners. Although most of the law's provision relate to non-benefit issues such as estate planning and health care decision, that law also provided important rights to domestic partners participating in employer-sponsored health and dental plans. Further changes to California's law affecting benefits provided to employees with domestic partners became effective on January 1, 2005, under California Law AB2208*. However, these expanded rights are available only to same sex domestic partners or opposite sex domestic partners where at least one member of the couple is over 62. To take advantage of these expanded rights, the parties must file a Declaration of Domestic Partnership with the California Secretary of State. You may wish to consult an attorney to inquire about the full extent of your rights and responsibilities under the State's domestic partnership laws. If you have further benefit questions, you may call the Employee Benefits Service Unit at (925) 335-1746.

The following summary describes Contra Costa County's domestic partnership health and dental benefit plan eligibility. Where applicable, this summary indicates the expanded rights of those domestic partners who meet the eligibility criteria under AB25.

A. Domestic Partners

For purposes of eligibility for coverage under the Contra Costa County health and dental plans, 'domestic partners' are two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring, regardless of their gender. To qualify as domestic partners, you and your partner must satisfy either (1) or (2) below:

- (1) If you and your partner satisfy the requirements of subparagraphs (a) through (d) of this paragraph (1), you must certify to Contra Costa County that your domestic partnership is validly registered with the California Secretary of State.
 - (a) Both you and your partner must be of the same sex or, if you are of opposite sex, at least one of you must be over age 62.
 - (b) If you and your partner are of opposite sex, at least one of you must be eligible for age related benefits under the Social Security Act.
 - (c) Neither of you may be party to an active Declaration of Domestic Partnership on file with the Secretary of State naming another domestic partner.

* California State Law AB205, which became effective on January 1, 2005, also includes very important provisions regarding the rights and responsibilities of registered domestic partners. That law does not have a direct bearing on employee benefit plans so is not discussed here, but we urge you to become familiar with its terms.

- (d) You and your domestic partner must file a Declaration of Domestic Partnership with the Secretary of State. Copies of the appropriate form are available at your local County Clerk's Office, the California Secretary of State's office or on the internet at www.sos.ca.gov.

OR

- (2) If you and your domestic partner do not satisfy the requirements described in (1) above, you must satisfy all of the following requirements:
 - (a) The two of you must live together for 6 consecutive months immediately preceding your application for benefits. Production of a picture identification card and proof of cohabitation is required. Proof of cohabitation may be established through utility bills, bank statements and other such documentation showing a common address for both parties.
 - (b) The two of you must agree to share common necessities of life and be jointly responsible for each other's basic living expenses during the domestic partnership.
 - (c) Both of you must be at least eighteen years of age.
 - (d) Both of you must be mentally competent to consent to contract.
 - (e) Neither of you may be married or be a member of another domestic partnership.
 - (f) You and your domestic partner may not be related by blood to a degree that would bar your marriage to each other in the State of California.
 - (g) Both of you must sign an affidavit attesting to your status as domestic partners.

B. Definitions

Live Together: Both parties share the same dwelling, although it is not necessary that the legal possession of the dwelling be in both parties' names, such as in a deed or rental agreement. Two persons may live together even if one or both have additional living places. Domestic partners do not cease to live together if one leaves the shared place and intends to return.

Joint Responsibility: Each partner agrees to provide for the other partner's basic living expenses if the partner is unable to provide for her or himself.

Basic Living Expenses: Basic food, shelter and medical care.

C. Termination of Domestic Partnership

A domestic partnership ends when the earliest of the following events occurs:

- Termination of domestic partnership by either party
- Death of either party
- Marriage of either party
- The parties' failure to continue living together

D. Notice of Termination of Domestic Partnership

Within 30 days of the termination of a domestic partnership, at least one of the parties must file an affidavit of termination of the domestic partnership with the Contra Costa County Employee Benefits Service Unit. Unless both parties sign the affidavit, the person signing the affidavit must attest that a copy of the notice was given to the other party by mail or in person. For purposes of AB25, upon termination of the domestic partnership, at least one party must file a Notice of Termination of Domestic Partnership with the Secretary of State.

E. Effect of Termination of Domestic Partnership

All health and dental benefits for the domestic partner not employed by the County will terminate on the day the affidavit of termination of the domestic partnership is filed with the Employee Benefits Service Unit or upon the 30th day following actual termination of the partnership, whichever occurs first. Failure by either party to timely file the termination affidavit, or to serve notice on the other, shall not prevent or delay the termination of the domestic partnership or the termination of applicable health and/or dental benefits to the non-County party. In some cases, continued coverage for the non-County party may be available after the termination of the domestic partnership if continuation of coverage is provided for in the applicable health and/or dental plan.

A party to a domestic partnership may not file an affidavit of domestic partnership with the County during the 6 month period following his or her filing of an affidavit of termination of a previous domestic partnership.

F. Dependents of Domestic Partners

Health and dental benefits are available to a dependent of a domestic partner who qualifies for coverage by satisfying the aforementioned requirements. The coverage for 'dependents of domestic partners' parallels the rules applied to dependents of married couples. The plan booklets provide coverage details, but you should contact the Employee Benefits Service Unit if you need clarification of the dependent coverage rules.

G. Enrollment Period

A domestic partner, and/or his or her dependent, who qualifies for health/dental benefits through a County employee is subject to the same 30 day period governing all other employees who are covered by or applying for health and dental plan coverage. Newborn children, adopted children, new employees, new spouses and new domestic partners are all subject to a 30 day limit which begins on the date of the event. After the 30 day period has passed and notwithstanding any other status changes, all new enrollments or changes to benefit selections may be made only during the annual open enrollment period or as otherwise provided by the terms of the applicable plan.

H. Tax Consequences

Prior to AB25, Federal and State Law required that the cost of a domestic partner's coverage (and that of his or her dependents), whether subsidized by the County or paid for by the employee, be included in the taxable income of the employee. This is still true with respect to domestic partners who do not meet the eligibility criteria under AB25, as described

above. **However, for those domestic partners who do meet the eligibility criteria of AB25, California tax law provides that as of January 1, 2002, amounts subsidized by an employer for the cost of an employee's domestic partner's health and/or dental coverage will not be included in the employee's California taxable income. Also, amounts paid by such an employee for coverage of his or her domestic partner will also be excluded from the employee's California taxable income.** For these employees, amounts owed to pay the premiums for domestic partner coverage will be deducted from the employee's pay. The amounts deducted will be subject to Federal Income Tax, but will not be subject to California State Income Tax. **In order to receive this favorable tax treatment, eligible parties must certify that they have filed a Declaration of Domestic Partnership with the Secretary of State and must otherwise meet the eligibility criteria under AB25.**

I. Liability

Any person, employer (including Contra Costa County) or company that suffers any loss because of (i) a false statement contained in a certification or affidavit of domestic partnership, or (ii) failure to notify the County of changed circumstances or termination of the domestic partnership, as required by Section D above, may bring a civil action against any party at fault to recover its actual losses, including reasonable attorney's fees.

With the execution of the County employee involved in the domestic partnership, Contra Costa County, its employees or officers shall not be liable to anyone for a domestic partner's neglect or failure to perform any act required by this policy.



**RE: IMPLEMENTATION OF IRS REGULATIONS IMPACTING IMPUTATION
OF INCOME FOR HEALTH BENEFITS FOR DOMESTIC PARTNER
MEDICAL/DENTAL PLAN PARTICIPANTS**

Effective January 1, 2010 Contra Costa County will comply with Internal Revenue Service regulation revisions and official guidance that affect imputation of income to certain employees in regard to health benefits. The County will implement changes in the way that the County imputes income for state and federal income tax purposes for employees who receive County paid health benefits for domestic partners, same sex spouses and their dependents. These changes will result in imputation of less income, and lowered FICA payments, for certain affected employees and in imputation of larger amounts of income, and increased FICA payments, for other affected employees.

Currently, the County withholds income tax on the County's subsidy of the domestic partner medical premiums for Employees that have a Domestic Partner and/or Domestic Partner child on their plans. This income tax is calculated based on the difference between the County's subsidy for the single rate and for the family rate. In addition, for employees that have a natural child and Domestic Partner no imputed income is calculated on their Domestic Partner benefits.

How will this change:

Effective January 1, 2010, employees that have Domestic Partner coverage only will no longer have income imputed on the difference between the County's subsidy for the single and family rates. Instead, these employees will have income imputed based on the County's subsidy for the single rate.

Example: If the County's subsidy for single coverage for the plan is \$526.23 and the subsidy for family coverage for the plan is \$1,253.76 the difference of \$727.53 is currently imputed income to the employee. As of January 1, 2010 the income imputed to the employee will instead be equal to the County's subsidy for the single rate, or \$526.23.

Employees that have family coverage that includes either a Domestic Partner or a Domestic Partner and the Domestic Partner's children will now have imputed income based on the value of the benefit received for the Domestic Partner and his or her children.

Example: If the County's subsidy for family coverage for the plan is \$1253.76 per month and an employee has family coverage for his or her child plus a Domestic Partner, the employee currently has no imputed income. As of January 1, 2010, income will be imputed to the employee equal to the County subsidy for the single rate, or \$526.23 per month, for the Domestic Partner's coverage. If an employee has family coverage for a Domestic Partner and a domestic partner's child then the imputed income would be equal to the County's subsidy for two single rates or \$1052.46 per month. If an employee has family coverage for a Domestic partner and two or more of the domestic partner's children, the imputed income would be the full County subsidy for the family rate, or \$1,253.76 per month.

Based on your 2009 plan year elections, current covered dependents and 2009 premiums;

- a. Estimated monthly imputed income = \$454.93 ; and,
- b. Estimated monthly premium paid with post tax dollars = \$151.95

If you have any questions regarding the imputation of income or other tax issues, please consult your tax advisor. If you have any questions regarding your domestic partner premium deductions, please contact the Human Resources Department Employee Benefits Services Unit at 925-335-1746.

Sincerely,

A handwritten signature in cursive script that reads "Ann Elliott".

Ann Elliott, Employee Benefits Manager
Human Resources Department
Employee Benefits Services Unit