

DRURY UNIVERSITY

SUMMARY OF TAX TREATMENT OF SAME-SEX DOMESTIC PARTNERS

Domestic Partners Eligible

Employee Benefit Plans are available for domestic partners of eligible employees. Refer to the applicable summary plan description (SPD) and enrollment materials for a definition of domestic partner and the procedure you must follow to enroll your eligible domestic partner.

Tax Consequences Where Domestic Partner is not a Tax Dependent

Under federal tax law, if your (non-spouse) domestic partner does not qualify as your tax dependent, as defined below, then the portion of the premiums the university pays for the coverage of your domestic partner will be included in your gross income, subject to federal income tax withholding and employment taxes, and will be reported on your Form W-2. You will also be unable to claim expenses for your domestic partner under the Tax Savings Plan's Health Flexible Savings Account.

Tax Consequences Where Domestic Partner is a Tax Dependent

If your domestic partner qualifies as your tax dependent, then no portion of the premiums paid by the university will be included in your income or be subject to federal withholding or employment taxes.

1. Who is a Tax Dependent?

Your same-sex domestic partner can qualify as your tax dependent under Internal Revenue Code (Code) § 152 (as modified by Code § 105(b) and by IRS Notice 2004-79) for employee benefit eligibility purposes only if the following conditions are met:

- you and your domestic partner have the same principal place of abode for the entire calendar year; your domestic partner is a member of your household for the entire calendar year (the relationship must not violate local law);
- during the calendar year you provide more than half of your domestic partner's total support;
- your domestic partner is not your (or anyone else's) "qualifying child" under Code § 152(c); and
- your domestic partner is a U.S. citizen, a U.S. national, or a resident of the U.S., Canada, or Mexico.

Your domestic partner could be your tax dependent even if you do not claim an exemption for him or her on your Form 1040. If your tax year is a year other than the calendar year, use the other year instead.

2. Determining Support

To determine whether you provide more than half of your domestic partner's total support, you must compare the amount of support you provide with the amount of support your domestic partner receives from all sources, including Social Security, welfare payments, the support you provide, and the support your domestic partner supplies for himself or herself. Support includes food, shelter, clothing, medical and dental care, education, and the like. If you believe you might provide more than half of your partner's support, you should use the support worksheet in IRS Pub. 501 (Exemptions, Standard Deduction, and Filing Information) before you complete the Affidavit described below.

3. Filing an Affidavit of Same-Sex Domestic Partnership

If your domestic partner qualifies as your tax dependent, you can avoid having employer-paid premiums for benefit Plan coverage treated as taxable income. To avoid taxation, you must complete and return an Affidavit of Same-Sex Domestic Partnership. Because the determination of whether a person is a dependent for tax purposes turns on facts solely within your knowledge, the employer cannot make this determination for you. If the employer does not receive a properly completed Affidavit from you, the employer will assume that your domestic partner does not qualify as your tax dependent.