

## IN THIS ISSUE

## Tax Treatment of Health Coverage Provided for Domestic Partners

## What Benefits are Included in the POP?

Check out the new POP educational videos for you and your employees at [www.EZPOP.com](http://www.EZPOP.com)

File this publication behind Tab 8 of your POP-Kit.

## Tax Treatment of Health Coverage Provided for Domestic Partners

Under federal law, if a participant's (non-spouse) domestic partner does not qualify as the participant's tax dependent, then the portion of the premiums the employer pays for the coverage of the participant's domestic partner will be included in his/her gross income, subject to federal income tax withholding and employment taxes. This amount will be reported on his/her Form W-2.



Participants may not pay the domestic partner's portion of the premiums on a pre-tax basis through the Premium Only Plan (POP) unless the domestic partner qualifies as the participant's Internal Revenue Code Section 152 tax dependent or is legally married.



**Reminder:** Don't pre-tax until you've received and signed your POP documents.

## What Benefits are included in the POP?

All the benefits listed below are included in this plan whether or not you currently offer them.

**Health Plan.** Premiums that are payroll deducted on a pre-tax basis may include low-deductible or high-deductible medical insurance, dental and vision insurance, critical illness insurance, accidental death/dismemberment (ADD) insurance, hospital indemnity, and cancer insurance. Individually-owned policy premiums may not be paid with pre-tax dollars through the Premium Only Plan.

### Group-Term Life Insurance up to \$50,000

The \$50,000 limit must include any employer-provided group-term life insurance coverage. For example, if the employer provides \$20,000 of group-term life insurance for employees, then participants in the POP can payroll deduct premiums on a pre-tax basis for up to \$30,000 of additional coverage.



Continued

**Disability Plan.** Short-term and long-term disability policies. If payroll deducted on a pre-tax basis, any future benefits received will be taxable to the employee. Therefore, under most circumstances, it is recommended that disability premiums NOT be included in the plan.

**Health Savings Account (HSA).** Allows employees to make contributions by pre-tax payroll deduction to their individually-owned HSA. Employers may also make contributions to the employee's HSA plan on each employee's behalf, in the manner set forth in the Plan.

**Note:** Premiums for "cash-value" and "return of premium" types of insurance may NOT be deducted on a pre-tax basis from employee paychecks. Products with a "cash-value" feature include: whole life insurance, universal life insurance and variable life insurance. Products with a "return of premium" feature include certain critical illness and cancer policies.

### Health Savings Account (HSA) Indexed Figures 2016

Minimum deductible amounts for the qualifying high deductible health plan (HDHP)	
Individual Coverage	\$1,300
Family Coverage	\$2,600

Maximum contribution levels	
Individual Coverage	\$3,350
Family Coverage	\$6,750
Catch-up contribution allowed for those 55 and over	\$1,000

Maximum for HDHP out-of-pocket expenses	
Individual Coverage	\$6,550
Family Coverage	\$13,100



## Look for your Update & Compliance packet

Our system automatically sends (via US Postal Service) your renewal and plan document update packet at least 60 days before your new plan year begins. If you haven't received your update packet, or have any questions, send an email to [EZPOP@wageworks.com](mailto:EZPOP@wageworks.com) or go to [ezpop.com](http://ezpop.com) and click on "Contact Us."

800-876-7548  
www.ezpop.com

linkedin.com/company/wageworks  
facebook.com/WageWorks  
twitter.com/WageWorks  
twitter.com/WageWorksCares

©2016 WageWorks, Inc. All rights reserved. The term "savings" herein refers only to tax savings and actual savings are dependent on individual tax rates. No part of this document constitutes tax, financial, or legal advice. Please consult your advisor regarding your personal situation and whether this is the right program for you.

3981B (03/2016)