

# EMPLOYEE PLUS ONE BENEFITS ELIGIBILITY AND TAXATION SUMMARY

## Employee Plus One Benefits Eligibility

### Requirements to Qualify as an Adult Designee

University benefits eligibility is extended to an Adult Designee of the same or opposite gender who meets all the following criteria:

- Has resided in the same residence as the employee for at least the past consecutive 12 months and intends to remain so indefinitely;
- Is at least 19 years old;
- Is directly dependent upon, or interdependent with, the employee, sharing a common financial obligation that can be documented in a manner prescribed by the university; and
- Is not currently married to or legally separated from another individual under either statutory or common law.

An employee cannot obtain benefits for a spouse and also for an Adult Designee.

The following individuals are not eligible to be a qualifying Adult Designee:

- Parents or step-parents of employee;
- Employee's parents' or step-parents' other descendants (siblings, nieces, nephews);
- Employee's grandparents, step-grandparents, or their descendants (aunts, uncles, cousins);
- Employee's renters, boarders and tenants, and people who are employees of the employee ;
- Children of employee or a descendant of an employee's child;
- A person hired or directly supervised by the employee in an employment setting; or
- A person the employee may transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline as an employee, or if the employee has responsibility to direct an employee's own Adult Designee or to adjust that person's grievances, or effectively to recommend any such action, if the exercise of such authority is not merely of a routine or clerical nature but requires the use of independent judgment.

### Requirements to Qualify as an Adult Designee Dependent Child

An Adult Designee's dependent child may be covered as an eligible dependent of an employee for university benefits. An Adult Designee's dependent child qualifies as an eligible dependent if the child meets one of the following criterion:

- is a natural-born or legally adopted child, who has not reached the limiting age of 26, of an individual who qualifies as an Adult Designee;
- is a child, who has not reached the limiting age of 26, for whom an individual who qualifies as an Adult Designee is the legal guardian; or

- is a child of an individual who qualifies as an Adult Designee and has a mental or physical disability and has attained the limiting age of 26 may continue coverage beyond age 26 if proof of disability is provided within 31 days of attaining age 26.\*

An Adult Designee's stepchild(ren) is not covered as a dependent of an employee on the university's benefit plans.

\*Does not apply to accidental death & dismemberment and dependent life insurance coverage.

## **Employee Groups Eligible for Employee Plus One Benefits**

The following university employee groups are eligible for Employee Plus One benefits.

- Active; and
- Ancillary

*Note: An Adult Designee and any Adult Designee dependent children will only be eligible for COBRA continuation coverage under limited circumstances. Generally, COBRA continuation coverage is initially extended only where an employee and the Adult Designee (and any Adult Designee dependent children) are covered by the health plan and they both lose coverage upon an employee's termination of employment (other than for gross misconduct) or an employee's reduction of hours of employment.*

## **Available Benefits**

### **Benefits Available for Adult Designees**

The following university benefits are available to an Adult Designee:

- Medical Insurance;
- Dual Employee coverage for medical insurance;
- Dental Insurance;
- Vision Care Insurance;
- Accidental Death & Dismemberment;
- Dependent Life Insurance;
- Long Term Care Insurance;
- Health Care Flexible Spending Account;\*
- Dependent Day Care Flexible Spending Account;\*\*
- Tuition Remission; and
- EAP.

An Adult Designee is not eligible for the following university benefits, as they are only available to university employees, not dependents:

- Life Insurance Employer-Provided
- Voluntary Life Insurance

- Long Term Disability Insurance.

#### *Health Care Flexible Spending Account\**

An employee may receive reimbursement for medical care expenses for a qualifying Adult Designee from the Health Care Flexible Spending Account only under limited circumstances. An Adult Designee must meet all of the following requirements:

- Shares the same principal place of abode as the employee for the entire calendar year in question. This means that the Adult Designee may be temporarily absent but must reside in the same place as the employee at all other times.
- Is a member of the employee's household for the entire calendar year in question.
- Receives over half of his or her financial support from the employee. Support includes food, shelter, clothing, medical and dental care, education and other similar items. All sources of support are considered, including the Adult Designee's own funds.
- Is **not** a qualifying child of any other person. (See p. 8 for definition of "qualifying child.")
- Is a U.S. citizen or national, or a resident of the U.S., Canada or Mexico.

#### *Dependent Day Care Flexible Spending Account\*\**

An employee may receive reimbursement for dependent care expenses for a qualifying Adult Designee from the Dependent Day Care Flexible Spending Account only under limited circumstances. An Adult Designee must meet all of the following requirements:

- Shares the same principal place of abode as the employee for the entire calendar year in question. This means that the Adult Designee may be temporarily absent but must reside in the same place as the employee at all other times.
- Is a member of the employee's household for the entire calendar year in question.
- Receives over half of his or her financial support from the employee. Support includes food, shelter, clothing, medical and dental care, education and other similar items. All sources of support are considered, including the Adult Designee's own funds.
- Is **not** a qualifying child of any other person. (See p. 8 for definition of "qualifying child.")
- Is a U.S. citizen or national, or a resident of the U.S., Canada or Mexico.
- Is physically and mentally incapable of caring for himself or herself.

#### **Benefits Available for Adult Designee Dependent Child(ren)**

An Adult Designee's dependent child(ren) may be covered as an eligible dependent of the employee for the following university benefits:

- Medical Insurance;
- Dental Insurance;
- Vision Care Insurance;
- Accidental Death & Dismemberment;
- Dependent Life Insurance;
- Tuition Remission; and

- EAP.

An Adult Designee's dependent child(ren) is not eligible for the following university benefits:

- Life Insurance Employer-Provided;
- Voluntary Life Insurance;
- Long Term Disability Insurance;
- Long Term Care Insurance;
- Health Care Flexible Spending Account; and
- Dependent Day Care Flexible Spending Account.

## **Employee Plus One Benefits Enrollment**

If you are a new employee at the university, you must enroll for coverage within 31 days of your hire or benefits eligibility date (date you satisfy the criteria to be benefits-eligible). Enrollment after the initial 31-day period is generally limited to the annual NUFlex enrollment or when a Permitted Election Change Event occurs. However, for participation in the university tuition remission program and the EAP, an employee, Adult Designee, or Adult Designee's dependent children may utilize these program benefits at any time by completing the applicable forms. Contact your Campus Benefits Office for further information.

You may also update your benefits to include Employee Plus One benefits during the NUFlex enrollment period. Changes must be completed by the deadline set by the university. After this deadline, no benefits may be added or changed. If no changes are made during the enrollment period, you will keep your current benefits and will not be enrolled in the Flexible Spending Accounts and your Voluntary Life Insurance coverage will be based on the tobacco/nicotine premium for the upcoming year. All benefit changes made during NUFlex enrollment will be effective on the following Jan. 1.

To enroll for Employee Plus One benefits, complete all of the following forms and return these forms and all supporting documentation to your Campus Benefits Office:

- Affidavit of Employee Plus One Relationship;
- Tax-Qualified Dependent Certification for Employee Plus One Benefits;
- Employee Plus One Benefits Enrollment Form (to enroll for benefits) or Employee Plus One Benefits Change Form (to change your current benefits); and
- Dependent Information Request Form.

Once these forms and supporting documentation have been submitted to your Campus Benefits Office, you will receive a confirmation of your NUFlex benefit choices. Please check this statement carefully, especially any dependent's tax dependent status. You may make changes only during an enrollment period. You can make changes as many times as you would like during an enrollment period.

Once you are enrolled for Employee Plus One benefits, you will be required to complete a new Tax-Qualified Dependent Certification for Employee Plus One Benefits annually during NUFlex

enrollment since federal tax law evaluates an individual's qualification as a tax dependent on an annual basis.

## **Employee Plus One Supporting Documentation Requirements**

To add an Adult Designee and/or an Adult Designee dependent child to your coverage, you must submit the documents listed above, including the Dependent Information Request Form and the dependent verification documents (valid documents listed below).

Listed below are the dependent verification documents that you must submit for each dependent you are adding to your coverage. All required documentation must include the employee name, dependent's name, and date. Note: You may cover up the financial information on the documents (such as your income, details on a bank statement, etc.).

If you are not submitting this documentation during open enrollment, all dependent information must be received in your Campus Benefits Office within 31 days from date of hire, benefits eligibility date or Permitted Election Change Event. If you do not deliver the properly completed documents within 31 days, the dependent will be considered a late enrollee and benefits will not be provided until the next annual NUFlex enrollment unless you can show that this supporting documentation has been ordered and/or requested from another source.

**For Adult Designee:** Provide a copy of any Internal Revenue Service ("IRS") form listing the Adult Designee as a dependent ***or provide copies of 3 forms of documentation listed below.***

- A Joint ownership of a residence or other significant property (home, condo, mobile home, car) or joint tenancy on a resident lease identifying both parties as tenants.
- Joint bank or credit account.
- Joint liability of debt (for example, credit cards or car loans).
- Other evidence of joint ownership of a major asset.
- Will of the employee or Adult Designee designating the other as primary beneficiary, executor or personal representative.
- Life insurance policy or retirement benefit account of the employee or Adult Designee naming the other as primary beneficiary.
- Durable power of attorney for purposes of healthcare or financial management providing that the employee and Adult Designee have granted powers to one another.

**For Adult Designee Dependent Children:** Provide a copy of the child's birth certificate, naming the Adult Designee as the child's parent, or appropriate court order/adoption decree naming the Adult Designee as the child's legal guardian. (**PLEASE NOTE:** If this birth certificate is written in a language other than English, you **MUST** include a copy of an official translation of the document along with a copy of the birth certificate).

## Taxation of Employee Plus One Benefits

University of Nebraska staff cannot provide tax advice. If you have questions regarding the application of the federal tax laws to your situation, consult with your tax advisor.

### Taxation of Adult Designee Coverage

The premiums the employee pays for the following areas of coverage for an Adult Designee will be withheld from the employee's pay on an after-tax basis:

- Accidental Death & Dismemberment;
- Dependent Life Insurance; and
- Long Term Care Insurance.

An employee whose Adult Designee receives the following benefits generally will be subject to imputed income:

- Medical Insurance;
- Dental Insurance;
- Vision Care Insurance; and
- Tuition Remission.

In most cases, the Internal Revenue Code prevents the university from allowing an employee to pay for Adult Designee health plan coverage, such as medical, dental, and vision insurance, on a pre-tax basis. However, if the Adult Designee qualifies as your federal tax dependent, then the individual's health plan coverage may be included under the pre-tax program. You must certify whether your Adult Designee is your federal tax dependent under the Internal Revenue Code when you complete the forms to enroll for Employee Plus One benefits. You should consult with your tax advisor if you believe your Adult Designee qualifies as your tax dependent.

If your Adult Designee participates in the tuition remission program, you will also be imputed income for this benefit.

Your Adult Designee cannot be both your dependent and your spouse under federal law.

#### *Tax Consequences of an Adult Designee Who is Not a Tax Dependent*

If the Adult Designee does not qualify as the employee's tax dependent, as defined below, then the university will impute income to the employee equal to the entire value of the health plan coverage for the Adult Designee. This amount will be included in the employee's gross income subject to federal and state income tax withholding and employment taxes, and reported on the employee's W-2.

The following examples set forth the tax consequences in common situations that may arise when you enroll for Employee Plus One benefits based on the value of the coverage calculated by

comparing the difference between coverage categories. For more information on the costs associated with your specific situation, contact your Campus Benefits Office.

**Example 1:** During open enrollment, an employee, who is employed in a position with an FTE of 100%, elects the Basic Option medical insurance coverage for herself and her Adult Designee. The employee does not elect dental or vision insurance coverage. The Adult Designee does not qualify as the employee's tax dependent.

The employee has imputed income of \$533.00 per month for the next calendar year for medical insurance coverage. (The amount of imputed income may adjust to take into account any premium changes for that year.) This amount is included in the employee's gross income and subject to federal and state income tax withholding and employment taxes, and is reported on the employee's W-2.

**Example 2:** During open enrollment, an employee, who is employed in a position with an FTE of 100%, elects the Basic Option medical insurance coverage and dental insurance coverage for himself, his two dependent children, and his Adult Designee. The Adult Designee does not qualify as the employee's tax dependent.

The employee has imputed income of \$603.00 per month for the next calendar year for medical insurance coverage. The employee also has imputed income of \$36.00 per month for the next calendar year for dental insurance coverage. (The amount of imputed income may adjust annually to take into account any premium changes for that year.) These amounts are included in the employee's gross income and subject to federal and state income tax withholding and employment taxes, and are reported on the employee's W-2.

### *Tax Consequences of an Adult Designee Who is a Tax Dependent*

If the Adult Designee qualifies as the employee's tax dependent, then no portion of the health plan premiums paid by the university will be included in the employee's income or subject to federal and state income tax withholding or employment taxes. The employee will pay the employee's portion of the premiums for the Adult Designee on a pre-tax basis through the Flexible Benefits Plan.

An Adult Designee qualifies as the employee's tax dependent under the Internal Revenue Code, only if all of the following requirements are met:

- (A) For the **entire calendar year** in question, the Adult Designee lives with the employee as a member of the employee's household.
- (B) For the **entire calendar year** in question, the Adult Designee shares the same principal place of abode as the employee. This means that the Adult Designee may be temporarily absent but must reside in the same place as the employee at all other times.
- (C) During the calendar year in question, the employee provides more than half of the Adult Designee's total support. To determine whether the employee provides more than half of the Adult Designee's total support, the employee must compare the amount of support he or she

provides with the amount of support the Adult Designee receives from all other sources, including social security, and the support the Adult Designee supplies for himself or herself. Support includes food, shelter, clothing, medical and dental care, education, and the like.

- (D) The Adult Designee is **not** a qualifying child of any other person. (See below for definition of “qualifying child”.)
- (E) The Adult Designee is a U.S. citizen or national, or a resident of the U.S., Canada or Mexico.

An Adult Designee is the “qualifying child” of another taxpayer and is not the tax dependent of the employee if the Adult Designee meets all of the following five criteria.

1. The Adult Designee is the child, stepchild, foster child, brother, sister, stepbrother, or stepsister of the taxpayer, or a descendent of any of them (e.g., niece, nephew, grandchild).
2. The individual is younger than the taxpayer and is:
  - under age 19 at the end of the year,
  - under age 24 at the end of the year and a full-time student, or
  - any age if permanently and totally disabled.
3. The Adult Designee shares the same principal place of abode as the taxpayer for more than half the year.
4. The Adult Designee has not provided more than half of his or her own support for the year.
5. The Adult Designee has not filed a joint return (other than only a claim of refund) with his or her spouse for the taxable year beginning in the same calendar year as the taxpayer’s tax year.
6. If the Adult Designee meets the rules to be a qualifying child of more than one person, the taxpayer must be entitled to claim the Adult Designee as a qualifying child.

*Note: The circumstances when an Adult Designee will be the qualifying child of another taxpayer and, thus, cannot meet the requirements to qualify as a tax dependent of the employee, are limited. If you have questions regarding the application of the federal tax laws to your situation, consult with your tax advisor. University of Nebraska staff cannot provide tax advice.*

#### *Tax Consequences of an Adult Designee Who is a University Employee*

If an Adult Designee qualifies as an employee of the university, the Adult Designee qualifies for pre-tax health plan coverage and the employee will not be imputed income for this coverage.

#### **Taxation of Adult Designee’s Dependent Child(ren) Coverage**

The premiums the employee pays for the following areas of coverage for an Adult Designee’s dependent child(ren) will be withheld from the employee’s pay on an after-tax basis:

- Accidental Death & Dismemberment; and
- Dependent Life Insurance.

An employee whose Adult Designee’s dependent child(ren) receives the following benefits generally will be subject to imputed income :

- Medical Insurance;

- Dental Insurance;
- Vision Care Insurance; and
- Tuition Remission.

In most cases, the Internal Revenue Code prevents the university from allowing an employee to pay for Adult Designee's dependent children health plan coverage, such as medical, dental, and vision insurance, on a pre-tax basis. However, if the Adult Designee dependent child qualifies as your federal tax dependent, then the individual's health plan coverage may be included under the pre-tax program. You must certify whether your Adult Designee's dependent child(ren) is your federal tax dependent under the Internal Revenue Code when you complete the forms to enroll for Employee Plus One benefits. You should consult with your tax advisor if you believe your Adult Designee's dependent child(ren) qualifies as your tax dependent.

If your Adult Designee's dependent child participates in the tuition remission program, you will also be imputed income for this benefit.

#### *Tax Consequences of an Adult Designee Dependent Child Who is Not a Tax Dependent*

If the Adult Designee's dependent child does not qualify as the employee's tax dependent, as defined below, then the university will impute income to the employee equal to the entire value of the health plan coverage for the Adult Designee's dependent child. This amount will be included in the employee's gross income subject to federal and state income tax withholding and employment taxes, and reported on the employee's W-2.

The following examples set forth the tax consequences in common situations that may arise when you enroll for Employee Plus One benefits based on the value of the coverage calculated by comparing the difference between coverage categories. For more information on the costs associated with your specific situation, contact your Campus Benefits Office.

**Example 1:** During open enrollment, an employee, who is employed in a position with an FTE of 100%, elects the Basic Option medical insurance coverage for herself, her Adult Designee and her Adult Designee's two dependent children. Neither the Adult Designee nor the Adult Designee's two dependent children qualify as the employee's tax dependents.

The employee has imputed income of \$905.00 per month for the next calendar year for medical insurance coverage. (The amount of imputed income may adjust annually to take into account any premium changes for that year.) This amount is included in the employee's gross income and subject to federal and state income tax withholding and employment taxes, and is reported on the employee's W-2.

**Example 2:** During open enrollment, an employee, who is employed in a position with an FTE of 100%, elects the Basic Option medical insurance coverage and dental insurance coverage for himself and his Adult Designee's child, but does not add coverage for his Adult Designee. The Adult Designee's dependent child does not qualify as the employee's tax dependent.

The employee has imputed income of \$302.00 per month for the next calendar year for medical insurance coverage. The employee also has imputed income of \$36.00 per month for the next calendar year for dental insurance coverage. (The amount of imputed income may adjust annually to take into account any premium changes for that year.) These amounts are included in the employee's gross income and subject to federal and state income tax withholding and employment taxes, and are reported on the employee's W-2.

**Example 3:** During open enrollment, an employee, who is employed in a position with an FTE of 100%, elects the Basic Option medical insurance coverage for himself, his dependent child, his Adult Designee, and his Adult Designee's two children. Neither the Adult Designee nor the Adult Designee's two dependent children qualify as the employee's tax dependents.

The employee has imputed income of \$603.00 per month for the next calendar year for medical insurance coverage. (The amount of imputed income may adjust annually to take into account any premium changes for that year.) This amount is included in the employee's gross income and subject to federal and state income tax withholding and employment taxes, and is reported on the employee's W-2.

### *Tax Consequences of an Adult Designee Dependent Child Who is a Tax Dependent*

If the Adult Designee dependent child qualifies as the employee's tax dependent, then no portion of the health plan premiums paid by the university will be included in the employee's income or subject to federal and state income tax withholding or employment taxes. The employee will pay the employee's portion of the premiums for the Adult Designee dependent child on a pre-tax basis through the Flexible Benefits Plan.

An Adult Designee dependent child qualifies as the employee's tax dependent under the Internal Revenue Code, only if all of the following requirements are met:

- (A) The Adult Designee dependent child is **not** a qualifying child of any other person. (Note: The Adult Designee dependent child likely **is** a "qualifying child" of either the Adult Designee or another parent. If so, the child is **not** a tax dependent of the employee.)
- (B) For the **entire calendar year** in question, the Adult Designee dependent child lives with the employee as a member of the employee's household.
- (C) For the **entire calendar year** in question, the Adult Designee dependent child shares the same principal place of abode as the employee. This means that the Adult Designee dependent child may be temporarily absent but must reside in the same place as the employee at all other times.

- (D) During the calendar year in question, the employee provides more than half of the Adult Designee dependent child's total support. To determine whether the employee provides more than half of the Adult Designee dependent child's total support, the employee must compare the amount of support he or she provides with the amount of support the Adult Designee dependent child receives from all other sources, including social security, and the support the Adult Designee dependent child supplies for himself or herself. Support includes food, shelter, clothing, medical and dental care, education, and the like.
- (E) The Adult Designee dependent child is a U.S. citizen or national, or a resident of the U.S., Canada or Mexico.

## Life Events

Your NUFlex choices will be in effect for the calendar year unless 1) a qualified change in status event occurs and 2) your requested change is consistent with the event that results in you or your dependent gaining or losing coverage eligibility.

**The Internal Revenue Code regulations limit what circumstances constitute a qualified change in status event (a "Permitted Election Change Event"). In some circumstances, your Adult Designee (or your Adult Designee's dependent child) may lose coverage because of a status change, but the Internal Revenue Code regulations will not recognize that change as a Permitted Election Change Event. Unfortunately, this means that you cannot change your elections midyear and must continue to pay the employee portion of the coverage for the Adult Designee (or Adult Designee's dependent child) for the remainder of the year even though the Adult Designee or dependent is no longer covered. You must wait until the next annual NUFlex enrollment period to make any changes to your elections.**

Enrollment or changes in coverage consistent with a Permitted Election Change Event must be made within 31 days of the date of the event. Some enrollment changes are limited due to certain eligibility restrictions. If you miss the 31-day period, you may not make any changes until the next annual NUFlex enrollment period. Supporting documentation is required when adding dependents to your coverage. For more information about your specific situation, contact your Campus Benefits Office. Listed below are several status changes that qualify as Permitted Election Change Events under the Internal Revenue Code regulations that may allow you to initiate a midyear benefits election change.

- Change in the number of tax dependents (e.g., gaining or losing an Adult Designee who qualifies as your tax dependent; termination of your relationship with an Adult Designee who qualifies as your tax dependent; birth, adoption, or death of an Adult Designee's child who qualifies as your tax dependent).\*
- Change in employment status or work schedule that results in a gain or loss of coverage eligibility (e.g., Adult Designee who qualifies as your tax dependent terminates employment).
- Tax dependent satisfies (or ceases to satisfy) dependent eligibility requirements (e.g., Adult Designee's dependent child, who qualifies as your tax dependent, becomes ineligible for coverage by attaining a specified age).
- Special enrollment for loss of other coverage (e.g., Adult Designee loses coverage from another source).

- Special enrollment for birth, adoption, or placement for adoption of an Adult Designee's child (e.g., your Adult Designee gives birth to a child).
- Change in legal marital status.

*\* Note: In situations where your Adult Designee (or your Adult Designee's dependent children), who qualifies as your federal tax dependent, loses his or her status as your tax dependent, the Internal Revenue Code requires the university to impute income to you for the value of the Adult Designee's health plan coverage for the portion of the calendar year in which the Adult Designee qualified as your tax dependent.*

Listed below are several status changes that do not qualify as Permitted Election Change Events under the Internal Revenue Code regulations.

- Gaining an Adult Designee who does not qualify as your tax dependent (Earliest enrollment possible is beginning of next year.).
- Death of Adult Designee who does not qualify as your tax dependent (Coverage for deceased Adult Designee ends. Employee cost remains the same until beginning of next year.).
- Termination of your relationship with your Adult Designee who does not qualify as your tax dependent (Coverage of Adult Designee ends. Employee cost remains the same until beginning of next year.).
- Death of an Adult Designee's dependent child who does not qualify as your tax dependent (Coverage for deceased child ends. Employee cost remains the same until beginning of next year.).
- Adult Designee's dependent child, who does not qualify as your tax dependent, becomes ineligible for coverage (Coverage of child ends. Employee cost remains the same until beginning of next year. If you know during open enrollment that a child will become ineligible for coverage at some point during the year, you may either: 1) decline to enroll the child for coverage or 2) enroll the child for coverage and continue to pay for the employee cost of the child's coverage for the remaining portion of the year after coverage for the child terminates.).

## Price Tag Summary

The Employee Plus One Price Tag Summary, providing monthly price tag or cost information for your NUFlex benefit options and coverages for benefit-eligible employees, is linked below.

## Forms

Affidavit of Employee Plus One Relationship  
 Tax-Qualified Dependent Certification for Employee Plus One Benefits  
 Employee Plus One Benefits Enrollment Form  
 Employee Plus One Benefits Change Form  
 Dependent Information Request Form  
 Employee Plus One Price Tag Summary  
 Termination of Employee Plus One Relationship/Tax Dependent Status Form