Domestic Partner Coverage Overview

Who qualifies as a domestic partner?

Domestic partners are defined as two adults who meet the following qualifications:

- Have shared the same household for at least six consecutive months and intend to continue to do so indefinitely.
- Are engaged in a committed relationship of mutual caring and support and intend to remain so indefinitely.
- Share responsibility for each other's common welfare and living expenses.
- Share financial interdependence.
- Consider themselves to be life partners.
- Are not married (as defined by federal tax law) to, in a committed relationship with, or legally separated without a dissolution of marriage from anyone else.
- Have not had another domestic partner or spouse enrolled in the plan within the prior six months.
- Are both age 18 or older and mentally competent to consent to a contract.
- Are not related by blood to a degree of closeness that would prohibit legal marriage.
- Are not in the relationship solely for the purpose of obtaining benefits coverage.
- Have not been previously legally married to each other.
- Have not been previously covered under this plan as the employee's domestic partner and experienced a break in coverage because the domestic partnership ended.

What benefits are my domestic partner eligible for?

Most benefits available through Lakeside Industries' benefit program are offered to domestic partners including:

- Medical and prescription drug coverage
- Dental coverage
- Vision reimbursement plan
- HealthAdvocate
- Employee Assistance Program (EAP)

Due to IRS tax rules, expenses of domestic partners and their children are not eligible for reimbursement under the Healthcare Flexible Spending Account, the Day Care Flexible Spending Account, or a Health Savings Account (unless they qualify as tax dependents).

Are my domestic partner's children eligible?

Yes, your domestic partner's children are eligible for coverage through age 25 (must meet the dependent children eligibility requirements of each plan). You may enroll your domestic partner's children regardless of whether you enroll your domestic partner.

When can I enroll my domestic partner and their eligible children?

A domestic partner or their children may be added to the benefit plans when:

- You first become eligible as an employee
- During annual open enrollment
- Due to certain life events (if you, your domestic partner, or your domestic partner's children experience a qualifying event you may be eligible to make changes to your benefit elections)

What are the tax implications if I add my domestic partner or their children to my benefits?

A domestic partner is not considered a spouse under federal law. As a result, there are tax implications if you elect to have your partner covered under your medical, dental, and/or vision plans. Also, there are IRS regulations that restrict your partner's eligibility for some of our benefits.

- **Medical, Dental, and Vision Coverage**
  If you add a domestic partner (or their child(ren)) to your health insurance coverage who isn't your tax dependent, the Fair Market Value (FMV) of Lakeside's contribution toward the cost of their coverage is considered a taxable fringe benefit, subject to tax withholding, under IRC Section 152. This calculated fringe benefit is known as imputed income and will increase your taxable income.

  Consult your personal tax advisor for questions on the tax and financial impact of enrolling a domestic partner and domestic partner's child(ren).

- **Health Savings Account (HSA)**
  Under IRS regulations you may not take a tax-free distribution from your HSA to pay for your domestic partner's expenses, unless your domestic partner qualifies as your tax dependent.

- **Healthcare Flexible Spending Account (FSA)**
  Under IRS regulations your domestic partner's expenses cannot be reimbursed under your Healthcare FSA, unless your domestic partner qualifies as your tax dependent.

- **Dependent Care Flexible Spending Account (FSA)**
  Under IRS regulations dependent care expenses for the child of your domestic partner cannot be reimbursed under your Dependent Care FSA, unless the child qualifies as your tax dependent.

Are my domestic partner and their children eligible for COBRA continuation of coverage?

Yes. COBRA is a continuation of health plan coverage for a limited time after certain events cause a loss of eligibility. Your domestic partner and their children will have the same COBRA rights as a spouse and child, subject to all of the terms and conditions of the plan.

Declaration of Domestic Partnership

I. Declaration

We, _____, and _____,
(Employee name) (Domestic Partner (DP) name)

each certify and declare that we are domestic partners in accordance with the following criteria:

II. Status

1. We cohabit and have resided together in the same residence/household for at least six consecutive months and intend to do so indefinitely.
2. We have not been previously legally married to each other.
3. Neither of us is legally married (as defined by federal tax law) to, in a committed relationship with, or legally separated without dissolution of marriage from, anyone else nor have we had another domestic partner or spouse within the prior six months. (This condition will be waived if your previous domestic partner has died.)
4. We are both at least eighteen (18) years of age and mentally competent to consent to a contract.
5. We are not related by blood to a degree of closeness that would prohibit legal marriage in the state in which we reside.
6. We are not in this relationship solely for the purpose of obtaining benefits coverage.
7. We are each other's sole domestic partners and intend to remain life partners indefinitely. Although not defined as spouses under federal tax law, we are engaged in a committed relationship of mutual caring and support. We are jointly responsible for our common emotional, physical, and financial welfare and support. Our interdependence is demonstrated by the following documents, which were not created solely to fulfill the requirements.
8. We have not been previously covered under this plan as the employee's domestic partner and experienced a break in coverage because the domestic partnership ended.

III. Additional considerations for domestic partners

Internal Revenue Service regulations do not permit expenses for domestic partners to be reimbursed under the Health Savings Account, Health Care Flexible Spending Account, or Dependent Care Flexible Spending Account.

If you add a domestic partner (or their child(ren)) to your health insurance coverage who isn't your tax dependent, the Fair Market Value (FMV) of Lakeside's contribution toward the cost of their coverage is considered a taxable fringe benefit, subject to tax withholding, under IRC Section 152. This calculated fringe benefit is known as imputed income and will increase your taxable income.

IV. Change in domestic partnership

We have an obligation to notify Human Resources if there is any change in our domestic partnership status as attested to in this Declaration that would terminate this Declaration (for example the death of a partner, a change in residence of one partner, termination of the relationship, etc.). We will notify HR within thirty days (30 days) of such change. Failure to so notify HR may result in termination of employment.

We understand that any benefits obtained as a result of the completion of this Declaration will terminate on the date that the relationship ends, whether or not HR is notified. We agree that each

of us will be liable to repay the Lakeside Industries Plan for any benefits received after the relationship ends, and that the Plan may collect all benefits improperly paid from either one of us.

V. Acknowledgements

We understand that this information will be held confidential and will be subject to disclosure upon our express written authorization or if otherwise required by law.

We understand that this declaration of responsibility for our common welfare may have legal implications under state laws.

We understand that a civil action may be brought against us for any losses. Including reasonable attorney fees because of a false statement contained in this Declaration of Domestic Partnership.

We also certify under penalty of perjury, under the laws of the State of _____, that the foregoing is true and correct.

Employee

_____ _____

Employee Name Date of Birth

_____ _____

Employee Signature Date Signed

Domestic Partner

_____ _____

Domestic Partner Name Date of Birth

_____ _____

Domestic Partner Signature Date Signed