

Bentley University Group Health Plan

Taxation for Employees Covering Non-Qualified Tax Dependents

The university follows the IRS definition of a qualified dependent under IRC Section 152 (as modified by 105(b) and by IRS Notice 2004-79) to determine if insurance benefits are taxable.

1. Employee and tax Qualified 152 Domestic Partner (“DP”) and / or Qualified 152 Child(ren)

If you are only covering **qualified** 152 tax dependents, your full medical, dental and vision plan deduction(s) will be pre-tax and no income will be imputed on the value of the university’s contribution, if any.

2. Possible combinations of tax qualified and / or non-qualified dependents and the applicable pre-tax and post-tax employee deductions for medical, dental and vision coverage and the value of university contributions that are subject to Imputed Income:

Table	<u>Pre-Tax</u> Employee deduction	<u>Post-Tax</u> Employee deduction	Imputed Income
1.	(Family minus Individual) Deduction	Individual Deduction	Individual Bentley Subsidy
2.	Individual Deduction	(Family minus Individual) Deduction	(Family minus Individual) Bentley Subsidy

- A. Employee + Qualified 152 DP + **Non-Qualified Child(ren)** = Table 1.
- B. Employee + **Non-Qualified Child(ren)** = Table 1.
- C. Employee + **Non-Qualified DP** = Table 1.
- D. Employee + **Non-Qualified DP** + Qualified 152 Child(ren) (including an employee’s own child(ren)) = Table 1.
- E. Employee + **Non-Qualified DP + Non-Qualified Child(ren)** = Table 2.
- F. Employee + **Non-Qualified DP + combination of Non-Qualified Child(ren) + Qualified 152 child(ren)** (including an employee’s own child(ren)) = Table 1.

Federal tax law considers the fair market value of the university’s contribution for medical and/or dental insurance for Non-Qualified 152 dependents as imputed income. Imputed income is subject to both State and Federal income tax and employment tax (FICA and Medicare) withholding, which reduces your net income.