

## Tax Free Employer Medical Insurance Coverage Form

This checklist will help you determine if your children can receive medical insurance coverage on a tax-free basis.

**Important: The City's healthcare plan allows coverage for unmarried dependent children to age 25; this checklist determines whether the value of the medical coverage is taxable to you.**

**Caution:** This checklist does **not** apply to your children if:

- You are divorced, legally separated or living apart from the other parent during the last six months of the calendar year, or
- They can be claimed as "qualifying child" dependents (Test 2 below) by two or more people.

If your children fall into either of these categories, talk with your tax advisor to determine whether their medical insurance coverage can be provided tax-free.

Check this box if you are requesting the City not to withhold tax on the value of the coverage provided to your child due to either one of these situations.

### Test 1

Check this box if you can claim an exemption on your federal income tax return for your dependent child(ren).

*If you checked this box, the City will not withhold tax on the value of the coverage provided to such child. If you cannot check this box or if you are unsure if you can claim an exemption, go to Test 2 below.*

### Test 2 (Qualifying Child)

Check any of the following boxes that apply:

- The child is either (1) your or your spouse's biological child, adopted child, or foster child; (2) a child placed with you and/or your spouse for adoption; or (3) your stepchild.
- The child lives with you for more than one-half the year.
- The child is either:
  - a) a US citizen, national or resident;
  - b) a resident of Canada or Mexico; or
  - c) a child being adopted by a US citizen or national who shares that individual's home as a member of the household.
- The child does not provide more than half of his/her own support for the year.
- The child is either:
  - a) age 18 or younger for the entire calendar year; or
  - b) age 23 or younger for the entire calendar year and qualifies as a full-time student for the calendar year (see definition below\*); or
  - c) permanently and totally disabled at any time during the calendar year (regardless of age).

*If you checked **all** the boxes, then you will not be taxed on the value of the coverage provided to such child. If you did not check all of the boxes, go to Test 3.*

### Test 3 (Qualifying Relative)

Check any of the following boxes that apply:

- You provide more than one-half of this child's support for the calendar year.
- The child is either:
  - a) a US citizen, national or resident;
  - b) a resident of Canada or Mexico; or
  - c) a child being adopted by a US citizen or national who shares that individual's home as a member of the household.
- The child is either:
  - a) your biological child, or your spouse's or domestic partner's (if applicable) biological child;
  - b) your stepchild;
  - c) adopted by, or placed for adoption with, you and/or your spouse or you and/or your domestic partner (if applicable); or
  - d) the foster child of you, your spouse or domestic partner (if applicable).
- The child cannot be claimed as an exemption on another person's, including your domestic partner's (if applicable), federal income tax return.
- The child has not attained age 25.

*If you checked **all** the boxes under Step 3, you will not be taxed on the value of coverage provided to such child. If not, you will be taxed on the value of the coverage, minus after-tax contributions you make for such coverage, provided to the child.*

**If your child does not qualify as a dependent and you want to continue coverage with the City while being taxed on this benefit, please check the box below.**

- I understand that based on my responses above, I will be required to pay taxes on the value of the coverage provided.

**By signing this form, I verify that all the information specified on this form is accurate and complete. Misrepresentation of material fact by me may result in loss of coverage and/or IRS penalties. Please return completed form to HR & RM.**

**Signature:**

**Date:**

**Print Name:**

**Name of Child (first, last)**

**Child's Date of Birth:**

\*The IRS defines a full-time student as: a student who is enrolled for the number of hours or courses the school considers to be full-time attendance. To qualify as a student, your child must be, during some part of each of any five calendar months of the year: A full-time student at a school that has a regular teaching staff, course of study, and a regularly enrolled student body at the school, or a student taking a full-time, on-farm training course given by a school described above, or by a state, county or local government agency. The five calendar months do not have to be consecutive.