Same-Sex Marriage & Your Benefits: What You Need to Know

On June 16, 2008, the State of California began issuing marriage licenses to same-sex couples. As a result, Kaiser Permanente is recognizing same-sex marriages effective immediately. If you’re a newly-married couple, congratulations! You may be wondering how same-sex marriage affects your benefits as a Kaiser Permanente employee. We’ve researched our plans to answer your questions, especially concerning employee benefits and taxes. Here’s what you need to know:

Although the State of California now recognizes same-sex marriage, the federal government, which regulates many of our benefit plans, does not. This means that the same restrictions on benefits that currently apply to domestic partners also apply to same-sex spouses. Kaiser Permanente extends the same benefits to same-sex spouses and domestic partners as it does to opposite-sex spouses, to the extent allowed by law.

Tax Considerations

If your same-sex spouse is considered ‘non-qualified’, that is, you cannot claim your spouse as a dependent on your federal tax return, the cost of premiums for medical and dental benefits for your spouse is considered imputed income by the IRS, and is taxable to you. However, if you are married—either same-sex or opposite-sex—or are same-sex domestic partners, or opposite-sex domestic partners who are age 62 or older, and are registered with the State of California, you are exempt from California imputed income tax on benefits. When you enroll your new spouse, you’ll be asked to indicate whether your new spouse is ‘qualified’ or ‘non-qualified’.

Retirement Plans

Kaiser Permanente has two general types of retirement plans; pension plans such as the Kaiser Permanente Employees Pension Plan and the Kaiser Permanente Salaried Retirement Plan (Plan A), and retirement savings plans such as TSA, Plan B, and KP401k. Pension plans that currently recognize domestic partners allow you to designate your same-sex spouse or domestic partner to receive a pre-retirement survivor benefit. To make your same-sex spouse your beneficiary for the retirement savings plans, you must fill out a beneficiary designation form.

If your same-sex spouse becomes eligible for a survivor benefit from your plans, he or she must take a distribution of benefits within one year. This is governed by federal law. However, your same-sex spouse may roll over survivor distributions to an ‘inheritance’ IRA, which is an IRA set up specifically to receive those distributions, on a tax-deferred basis, or to a Roth IRA on an after-tax basis.

Domestic Partnerships

Although same-sex couples can get married in California, Kaiser Permanente will still honor same-sex and opposite-sex domestic partnership relationships as it has in the past. Kaiser Permanente will still provide the Kaiser Permanente Affidavit of Domestic Partnership for couples that do not have marriage certificates or are not registered as domestic partners with a state or local government.

Enrolling in Benefits

When you get married, you have the opportunity to enroll your new spouse and any new eligible dependents in medical and dental coverage. You may also enroll in or make changes to the Health
Care and Dependent Care Spending Accounts, and Dependent Life insurance, if you’re eligible for those benefits. You have 31 days from the date of your marriage to make these changes. You can also add your new spouse and eligible dependents to your coverage each year during open enrollment. However, if your new spouse is already covered under your plans as a domestic partner, you can’t change your benefits when you marry, because your domestic partner and his or her dependents already have access to all the benefits you’re eligible to enroll in or change.

Remember that you will need to provide a copy of your certified marriage license when adding your new spouse to medical and/or dental coverage.

For Northern and Southern California employees, when you enroll your same-sex spouse in benefits, you must choose **Spouse (Same Sex)/DP Adult** as a relationship code in My HR or on your paper *Benefits Enrollment Statement*.

If you have further questions about your benefits, please contact your benefits representative.