



HARRISON TRUST

A Family Health Plan

www.harrison.aibpa.com

RE: 2010 Domestic Partner Benefit Introduction and Premium Determination

Dear Participant:

Thank you for your interest in enrolling your domestic partner on the Harrison Trust Plan.

In order to complete the enrollment process, you must return the Affidavit of Domestic Partnership for Employee form and your domestic partner must return the Affidavit of Domestic Partnership for Domestic Partner form. Both of these forms must be witnessed by a Notary Public. You must also fill out a Trust enrollment form for your domestic partner and the children of your domestic partner (if applicable). In addition, please fill out new Kaiser and/or Providence enrollment forms, if you are enrolled on one of those plans.

Unless your domestic partner and the domestic partner's children (if applicable) qualify as a dependent under the Internal Revenue code, you will also be responsible for paying a monthly premium for coverage for your domestic partner and the domestic partner's children. This premium is used to pay the federal taxes associated with the benefit.

Coverage through the Harrison Trust for a domestic partner/domestic partners children has been determined to have a value of \$ 910 per month.

Your monthly cost for adding a domestic partner/domestic partners children will be: \$395.00

You will need to fill out the enclosed Auto-Pay form, which will be drawn from your chosen bank account on the 5th of each month. **The first month's premium must be submitted to the Trust office via check. Subsequent payments must be made via the Automatic Deduction process, which is initiated with the Auto-Pay form. Failure to make a timely self-payment will result in a loss of coverage for your domestic partner, and your domestic partner will not be allowed to reenroll until the next Open Enrollment period, as determined by the Board of Trustees.**

Since the Trust Plan is a composite plan, you may ask why there is a premium associated with the Domestic Partner benefits. The answer is that the Federal Government does not recognize domestic partnership, and therefore, there are federal and (in some instances) state income taxes associated with the value of the eligible domestic partner benefit.

Federal law requires the \$910 be treated as income to you. Accordingly, by making your payment, the Trust will pay the Internal Revenue Service. The amount withheld for FICA also includes the amount due from an employer, since your employer has made its contribution based on your employment. The employee portion of FICA paid is also taxable to you.

Please note: The Harrison Trust will not be paying state income taxes that may apply to this benefit. Please consult your tax advisor, should you have further questions regarding applicable federal and state income taxes.

The amount required for coverage may vary as the Trustees change the contribution rate, which in turn, would affect the amount of your self-payment. The domestic partner coverage may be amended or eliminated by the Harrison Board of Trustee at the sole exercise of their discretion.

If your eligible domestic partner is covered by his or her own health insurance policy or plan, the benefit from the Harrison Trust will be secondary. The standard Coordination of Benefit rules followed by the Harrison Trust will apply if the children of the domestic partner are covered by other insurance.

If you lose coverage and become eligible for COBRA, your COBRA coverage will cover your domestic partner and the children of the domestic partner, if enrolled. **In addition, in the event of dissolution of your domestic partner, or your death, your eligible domestic partner and the domestic partner's children (if enrolled) will be entitled to COBRA coverage.**

The Trustees wish to stress that if the Trust ever discovers that there was a false representation in order to secure eligible domestic partner coverage, the Trustees will aggressively pursue any loss to the Trust (such as benefits paid) and further reserve the right to offset any and all future benefits payable by an amount equal to any loss suffered by the Trust.

The Affidavits of Domestic Partnership should be reviewed carefully by you and your eligible domestic partner prior to any execution.

Should you have any questions regarding the necessary documents for domestic partner enrollment, please feel free to contact the Trust office at ext. 1679 at one of the numbers below.

Sincerely,

Harrison Trust Client Services