



THE CITY OF NEW YORK  
OFFICE OF LABOR RELATIONS

# EMPLOYEE BENEFITS PROGRAM

40 RECTOR STREET, NEW YORK, NY 10006-1705

<http://nyc.gov/olr>

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## New York State Marriage Equality Act

The New York State Marriage Equality Act (the Act) provides that a legally executed marriage shall be valid in New York State whether the parties to the marriage are of the same or different sex and regardless of the jurisdiction where the marriage was performed.

Employees wishing to enroll a same-sex spouse should contact their Agency Health Benefits Representative or Personnel Office, or centralized enrollment office such as NYCAPS Central, HR Connect or Shared Services, as applicable. Employees are also encouraged to use Employee Self Service where available. Retirees should contact the Health Benefits Program. The procedure is the same as that for adding an opposite-sex spouse; including that the change must be made within 31 days of the event and that a legal marriage certificate must be submitted.

The passage of the Act changed the State and Local tax status of health benefits coverage provided to a same-sex spouse. However, it did not change the Federal tax status of that coverage. Consequently the City must now report the value of health benefits coverage provided to same-sex spouses differently for State and Federal tax purposes.

Under Federal law, health benefits provided by the City and union welfare funds to same-sex spouses of City employees/retirees are considered income unless the same-sex spouse or domestic partner qualifies as a "dependent" within the meaning of the Internal Revenue Code. This additional income is subject to Federal Income, Social Security, and Medicare taxes. It is not subject to New York State and Local taxes. If you do not live in New York, you should consult your tax advisor for information on how to treat your state and local taxes.

Please review the attached Q and A. In it you will find additional important details about health benefits and the New York State Marriage Equality Act, including information about enrollment, change in marital status and information related to both State and Federal taxes.



## Frequently Asked Questions New York State Marriage Equality Act Health Benefits for Your Spouse

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1. Q. *I just got married and I want to add my same-sex spouse to my health benefits coverage. What should I do?*
- A. Any marriage is considered a qualifying event for adding a spouse to your health benefits coverage. The procedure is the same as for adding an opposite-sex spouse. Employees should contact their Agency Health Benefits Representative or Personnel Office, or centralized enrollment office such as NYCAPS Central, HR Connect or Shared Services, as applicable. Employees are also encouraged to use Employee Self Service where available. Retirees should contact the Health Benefits Program. Please note that the change must be made within 31 days of the event and that a legal marriage certificate must be submitted. If that date has passed, your next opportunity to add your spouse will be during the annual Fall Transfer Period.
2. Q. *I married my same-sex spouse in another jurisdiction (not the State of New York). Can I use that marriage certificate to add my spouse to my coverage or change my status to married?*
- A. Yes. As long as you were legally married you may use that marriage certificate as documentation.
- To add your spouse to your coverage, follow the answer to Question 1.
3. Q. *I just married my same-sex domestic partner, who was already on my health benefit coverage. What do I need to do to change my status to married on my health benefits coverage?*
- A. You must notify the Health Benefits Program in writing. Send a letter which includes your Social Security Number, Employee ID Number (if applicable) and the name of the agency in which you work, along with a copy of your marriage certificate, to:

NYC Office of Labor Relations  
Health Benefits Program  
40 Rector Street, 3<sup>rd</sup> Floor  
New York, NY 10006  
Att'n Domestic Partner Unit

Once you provide that information, your status will change to married and the status of your domestic partner will change to spouse. They will then continue to receive health benefits as your spouse.

4. *Q. I have a same-sex spouse who was my domestic partner. Every year I have received a letter from OLR containing the dollar amount that was added to my W-2. Why didn't I receive the letter this year?*
- A. OLR is not sending a letter for 2011. The amount of imputed income reported appears on your W-2 in Box 14.

5. *Q. Please explain the dollar amount and the notation "IIM" in Box 14 on my W-2.*
- A. As defined on the W-2, IIM is Imputed Income Married (The taxable value of the employer contribution for health benefits provided to a same-sex spouse.)

This represents the imputed income for a same-sex spouse. That is the taxable value of the employer contribution for health benefits provided to an employee's or retiree's same-sex spouse. The total for each of the three components below is included in Box 1, Box 3, Box 5, Box 16 and Box 18. However, this amount is excludable for New York State and Local taxes. This amount is included in Box 1 and must be reported for Federal taxes.

It consists of three components:

**1) Additional City Cost:** This is the additional premium paid by the City for same-sex spouse coverage. The "fair market value" of that coverage is the individual basic contract premium rate and is the income imputed for tax purposes, for all employees and retirees with same-sex spouses, regardless of family status before the same-sex spouse was added to the contract.

**2) Medical Spending Conversion Cost (ACTIVE EMPLOYEES ONLY):** Those employees enrolled in the Medical Spending Conversion Program have employee payroll deductions taken on a pre-tax basis. The cost to the employee for rider coverage or the employee share of basic coverage for coverage of the same-sex spouse is the difference between the payroll deductions for a family contract and the payroll deductions for an individual contract. This difference is considered taxable income to the employee and reduces the total IRC 125 amount reported on the employee's W-2.

**3) Welfare Fund Cost:** If the employee's union welfare fund provided benefits to a qualified same-sex spouse, the value of the benefits provided is considered taxable income to the employee.

6. *Q. I have a same-sex spouse, but my W-2 shows the imputed income as "IMP" for a domestic partner. How can I correct this?*

- A. As defined on the W-2, IMP is Imputed Income (The taxable value of the employer contribution for health benefits provided to an employee's or retiree's Domestic Partner.)

To make a correction to your W-2, contact the Office of Labor Relations, Domestic Partner Liaison Unit at 212-306-7605 to make sure that your health benefits enrollment reflects your correct marital status. You may be asked for a letter and a copy of your marriage certificate. After OLR receives your marriage certificate, OLR will request a Corrected W-2 which will show the imputed income as "IIM."

7. *Q. My same-sex spouse qualifies as a dependent under Section 152 (a) of the Internal Revenue Code. Is the value of the health benefits provided to my spouse still taxable?*
- A. No. You must provide OLR with a copy of your most recent Federal tax return indicating that you claim your same-sex spouse as a dependent and OLR will request a corrected W-2 for you which will show that there is no imputed income.
8. *Q. The wages on my W-2 increased by more than the amount printed in Box 14. Same-sex marriage is my only taxable fringe benefit. Why is this?*
- A. The City paid the Social Security and Medicare taxes on the value of the same-sex spouse (or domestic partnership) health benefits. Therefore, your taxable wage amounts have been increased accordingly.
9. *Q. How can I get more information about the changes in New York State taxation as a result of the New York State Marriage Equality Act?*
- A. Contact the New York State Department of Taxation and Finance at:  
[http://www.tax.ny.gov/pit/marriage\\_equality\\_act.htm](http://www.tax.ny.gov/pit/marriage_equality_act.htm).