

**TAXATION OF OTHER ELIGIBLE INDIVIDUAL BENEFITS  
JANUARY 1 - DECEMBER 31, 2019  
SUPPORT STAFF – ALL UNION GROUPS**

IRS regulations require the University to tax the fair market value of University-provided health and dental benefits for Other Eligible Individuals. The IRS defines fair market value of a fringe benefit as the amount that an individual would have to pay for the particular fringe benefit in an arm's length transaction. This means what you would have to pay for an individual policy for your Other Eligible Individual(s) in the open market.

Use the chart on the reverse side to determine the taxable amount to you resulting from the addition of an Other Eligible Individual(s) to your health and/or dental coverage. This amount will be added to your taxable gross income.

To estimate the increase in your taxable income and the resulting tax increase, please follow the instructions below:

Add together the monthly taxable amounts for Health and Dental from the chart on the reverse side. This will give you the increase to your taxable gross income. Multiply this by your estimated tax rate from the following chart to determine the approximate monthly tax you will pay for health and dental benefits.

FEDERAL TAX BRACKET	PLUS: STATE TAX RATE	PLUS: CITY OF EAST LANSING TAX RATE	PLUS: FICA TAX RATE	TOTAL TAX RATE
12%	4.25%	1%	7.65%	24.9%
22%	4.25%	1%	7.65%	34.9%
24%	4.25%	1%	7.65%	36.9%

**Example 1:** If you are a Support Staff member with Blue Care Network (BCN) health coverage, Delta dental coverage, are in a 22% Federal tax bracket and are adding an Other Eligible Individual the following estimated tax would apply:

Health Plan Monthly Taxable Amount:	\$539.81
Dental Plan Monthly Taxable Amount:	<u>20.18</u>
Total Monthly Taxable Amount	\$559.99 (this amount will be taxable to you)
Times Total Tax Rate	<u>X 34.9%</u>
Amount of Monthly Tax Increase	\$195.44

**Example 2:** If you are a Support Staff in 1585 union member with Community Blue PPO (CMB) health coverage, Aetna dental coverage, are in a 12% Federal tax bracket and are adding Other Eligible Individuals (2), the following estimated tax would apply:

Health Plan Monthly Taxable Amount:	\$1699.86
Dental Plan Monthly Taxable Amount:	<u>48.22</u>
Total Monthly Taxable Amount	\$1748.08 (this amount will be taxable to you)
Times Total Tax Rate	<u>X 24.9%</u>
Amount of Monthly Tax Increase	\$ 435.27

**Note:** If you live in a municipality with a local tax (e.g. Lansing), you will also need to consider that tax in your calculation.

**OTHER ELIGIBLE INDIVIDUAL HEALTH AND DENTAL TAXABLE AMOUNTS  
FOR SUPPORT STAFF – ALL UNION GROUPS  
JANUARY 1 – DECEMBER 31, 2019**

HEALTH ADDING	COMMUNITY BLUE/CAREMARK	BLUE CARE NETWORK/CAREMARK
OEI	\$ 809.46	\$ 539.81
OEI & Child	\$ 1,699.86	\$ 1,133.61
OEI & Children	\$ 2,023.64	\$ 1,349.52
Child Only	\$ 809.46	\$ 539.81
2 Children	\$ 1,699.86	\$ 1,133.61
3 or More Children	\$ 2,023.64	\$ 1,349.52

HEALTH ADDING	BCBS TRANSITION/CAREMARK	CDHP/CAREMARK
OEI#	\$ 510.18	\$ 429.57
OEI & Child#	\$ 949.35	\$ 829.77
OEI & Children#	\$ 1,035.84	\$ 975.65
Child Only##	\$ 376.95	\$ 428.57
2 Children##	\$ 791.60	\$ 829.77
3 or More Children##	\$ 942.38	\$ 975.65

DENTAL ADDING	DELTA	AETNA-Premium Share	AETNA (Groups AP, CCLP (FOP), 274)
OEI	\$ 20.18	\$ 25.42	\$ 19.92
OEI & Child	\$ 37.99	\$ 48.22	\$ 37.51
OEI & Children	\$ 62.06	\$ 80.35	\$ 61.27
Child Only	\$ 20.18	\$ 25.42	\$ 19.92
2 Children	\$ 37.99	\$ 48.22	\$ 37.51
3 or More Children	\$ 62.06	\$ 80.35	\$ 61.27

- \* Determine health/dental plan (i.e. BCN, Community Blue, Blue Cross/Blue Shield Transition, Delta etc.)
- \* Based on these factors find your taxable amount
- \* Remember to determine the taxable amount for both health and dental coverage if you are adding an OEI to both plans
- \* If you or your OEI have Medicare, contact MSU Human Resources Benefits for further information on how this may affect your taxable amounts

# OEI being added has Medicare

## Child or children being added do not have Medicare, the policy holder has Medicare