

**TAXATION OF OTHER ELIGIBLE INDIVIDUAL (OEI) BENEFITS
FACULTY / EXECUTIVE MANAGEMENT
JANUARY 1 – DECEMBER 31, 2025**

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 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 below 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 below. This will give you the increase in 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 EAST LANSING CITY TAX RATE	PLUS FICA TAX RATE	TOTAL TAX RATE
12.00%	4.25%	1.00%	7.65%	24.90%
22.00%	4.25%	1.00%	7.65%	34.90%
24.00%	4.25%	1.00%	7.65%	36.90%

Example 1 – If you are a faculty member with Blue Care Network (BCN) for health coverage, Delta Dental Base Plan for 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:	\$739.76
Dental Plan Monthly Taxable Amount:	<u>\$20.63</u>
Total Monthly Taxable Amount:	\$760.39
Total Tax Rate – 34.90%	<u>0.3490</u>
Amount of Monthly Increase	\$265.38

Example 2 – If you are a faculty member with Community Blue PPO for health coverage, Aetna Premium DMO for dental coverage, are in a 12% federal tax bracket, and are adding two Other Eligible Individuals, the following estimated tax would apply:

Health Plan Monthly Taxable Amount:	\$2,324.69
Dental Plan Monthly Taxable Amount:	<u>\$61.21</u>
Total Monthly Taxable Amount:	\$2,385.90
Total Tax Rate – 24.90%	<u>0.2490</u>
Amount of Monthly Increase	\$594.10

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 (OEI) HEALTH & DENTAL TAXABLE AMOUNTS
FACULTY / EXECUTIVE MANAGEMENT
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HEALTH & PRESCRIPTION (CVS CAREMARK)				
ADDING	BLUE CARE NETWORK	BLUECARD OUT-OF-STATE	COMMUNITY BLUE	CONSUMER DRIVEN HEALTH PLAN
OEI	\$739.76	\$828.40	\$1,107.00	\$587.77
OEI & Child	\$1,553.49	\$1,739.64	\$2,324.69	\$1,165.57
OEI & Children	\$1,849.40	\$2,071.01	\$2,767.50	\$1,375.68
Child Only	\$739.76	\$828.40	\$1,107.00	\$587.77
2 Children	\$1,553.49	\$1,739.64	\$2,324.69	\$1,165.57
3 or More Children	\$1,849.40	\$2,071.01	\$2,767.50	\$1,375.68

HEALTH		
ADDING	MSU MEDICARE ADVANTAGE PLAN	MSU TRANSITION PLAN
OEI ¹	\$222.87	\$222.87
OEI & Child ¹	\$445.74	\$823.76
OEI & Children ¹	\$668.61	\$1,480.70
Child Only ²	\$222.87	\$600.89
2 Children ²	\$445.74	\$1,257.83
3 or More Children ²	\$668.61	\$1,454.75

DENTAL			
ADDING	AETNA PREMIUM DMO (PLAN 67)	DELTA DENTAL BASE PLAN	DELTA DENTAL PREMIUM PLAN
OEI	\$32.27	\$20.63	\$42.92
OEI & Child	\$61.21	\$39.48	\$81.98
OEI & Children	\$101.99	\$64.55	\$134.35
Child Only	\$32.27	\$20.63	\$42.92
2 Children	\$61.21	\$39.48	\$81.98
3 or More Children	\$101.99	\$64.55	\$134.35

- Determine your health and/or dental plan (i.e. Blue Care Network, MSU Transition Plan, Aetna Premium DMO, 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, please contact the MSU Human Resources Solutions Center at SolutionsCenter@hr.msu.edu or 517-353-4434 (toll-free: 800-353-4434) for further information on how this may affect your taxable amounts.

¹ OEI being added has Medicare.

² Child or children being added do not have Medicare; the policyholder has Medicare.