

2021 Domestic Partner Health Coverage Taxable Income and Incremental Costs

Along with sharing the cost of your health care coverage with MIT, there are additional financial and tax implications to consider with a domestic partner. The Internal Revenue Service (IRS) has determined that MIT’s cost of providing benefits for a domestic partner and their children is considered “imputed income,” which means it is subject to state and federal taxes, including Social Security and Medicare (aka “FICA”) taxes.

MIT must report the fair market premium value (FMV) of benefits provided to an employee’s domestic partner and to the domestic partner’s children as additional wages or “imputed income” to the IRS, resulting in increased taxable gross income for federal and state income taxes.

The following charts show the semi-monthly and weekly employee premiums, as well as the fair market premium value of domestic partner benefits based on level of coverage for the MIT Traditional, MIT Choice and MIT High Deductible health plans (Blue Cross Blue Shield plans). The imputed income tax for each pay frequency is determined by using the amounts in the 2020 “Fair Market Value of Domestic Partner Benefits” column.

2021 Faculty and Staff Semi-Monthly Premiums		
Level of Coverage	Employee Premium	Fair Market Value of Domestic Partner Benefits
MIT Traditional Health Plan		
Employee + Domestic Partner	\$272.00	\$402.00
Employee + Employee's Children + Domestic Partner	\$358.50	\$402.00
Employee + Domestic Partner + Domestic Partner's Children	\$358.50	\$723.00
Employee + Employee's Children + Domestic Partner + Domestic Partner's Children	\$358.50	\$723.00
MIT Choice Health Plan		
Employee + Domestic Partner	\$293.00	\$412.00
Employee + Employee's Children + Domestic Partner	\$387.50	\$412.00
Employee + Domestic Partner + Domestic Partner's Children	\$387.50	\$741.00
Employee + Employee's Children + Domestic Partner + Domestic Partner's Children	\$387.50	\$741.00
MIT High Deductible Health Plan		
Employee + Domestic Partner	\$225.00	\$377.00
Employee + Employee's Children + Domestic Partner	\$293.00	\$377.00
Employee + Domestic Partner + Domestic Partner's Children	\$293.00	\$678.50
Employee + Employee's Children + Domestic Partner + Domestic Partner's Children	\$293.00	\$678.50

2021 Support and Service Weekly Premiums		
Level of Coverage	Employee Premium	Fair Market Value of Domestic Partner Benefits
MIT Traditional Health Plan		
Employee + Domestic Partner	\$119.77	\$185.54
Employee + Employee's Children + Domestic Partner	\$159.69	\$185.54
Employee + Domestic Partner + Domestic Partner's Children	\$159.69	\$333.69
Employee + Employee's Children + Domestic Partner + Domestic Partner's Children	\$159.69	\$333.69
MIT Choice Health Plan		
Employee + Domestic Partner	\$129.46	\$190.15
Employee + Employee's Children + Domestic Partner	\$173.08	\$190.15
Employee + Domestic Partner + Domestic Partner's Children	\$173.08	\$342.00
Employee + Employee's Children + Domestic Partner + Domestic Partner's Children	\$173.08	\$342.00
MIT High Deductible Health Plan		
Employee + Domestic Partner	\$98.08	\$174.00
Employee + Employee's Children + Domestic Partner	\$129.46	\$174.00
Employee + Domestic Partner + Domestic Partner's Children	\$129.46	\$313.15
Employee + Employee's Children + Domestic Partner + Domestic Partner's Children	\$129.46	\$313.15

How the Imputed Income Tax is Calculated

Below is an example of how imputed income tax is calculated. The example assumes a semimonthly paid employee whose federal tax rate is 15%, enrolls their domestic partner under the MIT Choice health and the Comprehensive dental plans. Note an employee's actual imputed income tax is calculated using the federal tax rate determined based on their taxable wages and reported exemptions.

Semi-Monthly Premiums	
Medical (Choice Plan):	\$ 412.00
Dental (Comprehensive):	\$ 26.00
Total FMV Premium Medical + Dental:	\$ 438.00

Semi-Monthly Tax Calculations		
Social Security Tax (6.20%):	\$438 x 6.20%	\$ 27.16
Medicare Tax (1.45%):	\$438 x 1.45%	\$ 6.35
Federal Income Tax (15.00%):	\$438 x 15.00%	\$ 65.70
MA Income Tax (5.20%):	\$438 x 5.20%	\$ 22.78
Total Imputed Income Tax:		\$ 121.99

In this example, the "Fair Market Value of Domestic Partner Benefits" for monthly medical and dental coverage is used to determine the imputed income tax amount. The total fair market value of the medical and dental plans is then multiplied by the applicable federal, state, and FICA taxes to determine how much this employee should expect to pay in additional taxes on a monthly basis if the domestic partner is enrolled in the employee's MIT health plans.