

# Alexander & Baldwin, Inc.

## Benefits for Domestic Partners

### Introduction

Alexander & Baldwin, Inc. and its subsidiaries (collectively, "A&B") are pleased to provide certain benefits coverage for domestic partners of employees. This coverage will also be available to the eligible child(ren) of an employee's domestic partner. The benefit plans available to a domestic partner and the partner's eligible child(ren), if applicable, include:

- Health
- Dental
- Vision
- LifeWorks Family Information Resources

In most instances, the same benefit coverage and plan provisions that apply to employees will apply to domestic partners and the partner's enrolled child(ren), if applicable.

### Eligibility

For the purpose of eligibility, a domestic partnership consists of two adults of the

- same sex, or
- opposite sex if both are residents of California and at least one partner is over age 62, and

who have chosen to share their lives in a committed relationship equivalent to that of married persons, and who reside together and share a mutual obligation of support for the basic necessities of life.

### To Qualify

To qualify for benefits under a domestic partnership, the employee and domestic partner must meet **all** of the following criteria:

1. They must be each other's sole domestic partner for at least twelve (12) consecutive months and intend to remain so indefinitely.
2. Neither of them may be married or legally separated from anyone else, or in another domestic partnership with someone else that has not been terminated, dissolved or adjudged a nullity.
3. They must be at least eighteen (18) years of age and mentally competent to consent to the declaration of domestic partnership.
4. They may not be related by blood to a degree of closeness that would prohibit legal marriage in the state in which they legally reside.
5. They must currently reside together in the same residence for at least six (6) months and intend to do so indefinitely.
6. They must be jointly responsible for basic living expenses incurred during the domestic partnership.
7. They must have executed a domestic partnership agreement and/or registered as domestic partners, or equivalent, in a jurisdiction which authorizes such agreements and/or registries, **OR** must affirm that at least THREE (3) of the following conditions – A through D - are true:

A. We have common or joint ownership of a residence (home, condominium, or mobile home).

B. We have at least two of the following:

- 1.) Joint ownership of a motor vehicle
- 2.) Joint checking account
- 3.) Joint credit account
- 4.) Lease for a residence identifying both partners as tenants
- 5.) Durable power of attorney for health care or financial management

C. The Domestic Partner has been designated as the primary beneficiary for at least one of the following:

- 1.) The Employee's life insurance contract

- 2.) The Employee's will
- 3.) The Employee's retirement savings plan
- \_\_\_ D. A "relationship contract" has been executed which obligates each of the parties to provide support for the other party and provides, in the event of the termination of the relationship, for a substantially equal division of any property acquired during the relationship.

#### **Eligible Dependents of a Domestic Partner**

In addition to health, dental, and vision coverage for a domestic partner, employees may also elect health, dental, and vision coverage for the qualified child(ren) of a domestic partner. The dependent child(ren) of a domestic partner are eligible for coverage if they are:

- Unmarried,
- Primarily dependent on the employee or domestic partner for support,
- Living with the employee and domestic partner in a regular parent-child relationship,
- Under the age of 19, or full-time student under age 25, and
- Eligible to be claimed by the employee or domestic partner as a dependent for tax purposes; **or**
- If they are totally and permanently disabled, either physically or mentally. The disability must have existed before the child was age 19, and the dependent must have had continuous health care coverage with the carrier of choice since, on, or before that birthday.

Contributions for employee coverage and their child(ren) and a domestic partner's and/or child(ren)'s coverage may appear as separate deductions on the employee's paycheck. The portion of the premium paid by the employee for his or her own enrolled child(ren), will be on a pre-tax basis. The portion of the contribution that is attributable to coverage for the domestic partner and/or the domestic partner's child(ren) may appear as a pre-tax or as an after-tax deduction, depending on the tax dependency of the enrolled individuals to the employee.

#### **Tax Consequences**

The Internal Revenue Service (IRS) has determined that the actual value of the domestic partner benefit is taxable income to the employee, unless the domestic partner qualifies under the dependency criteria of Internal Revenue Code § 152(a). California State taxes are not due on the value of the benefit if the dependent qualifies under the federal rules or if the domestic partnership is registered with the California Secretary of State. Employees are encouraged to contact their tax advisors or the state officials of their residency for information on tax consequences of domestic partnerships in their state.

The value of A&B's paid coverage that relates to a domestic partner and/or a domestic partner's child(ren) who is not a dependent under tax law will generally be considered imputed income. Imputed income is calculated as the difference between the value of the employee coverage level with and without a domestic partner and/or the domestic partner's child(ren) less the employee's contribution toward domestic partner coverage. Please note:

- Imputed income is separate from and in addition to the employee's monthly plan cost.
- The amount of imputed income depends on the plan in which the employee is enrolled and the level of coverage selected.
- Imputed income is taxable and will be added to the employee's gross income each pay period for the purposes of calculating federal and state income taxes and for Social Security and Medicare taxes. Imputed income will be reported on the employee's annual Form W-2.
- For employees, imputed income is not included in the calculations for life insurance or disability insurance.
- The employee's personal income tax bracket will determine the actual tax consequences.

Since there may be tax consequences to employees who enroll a domestic partner, employees should consult a tax advisor before electing this coverage.

There is no cost and no imputed income to the employee for a domestic partner's coverage under the LifeWorks program.

## **Enrollment**

Employees may request domestic partner enrollment within 30 days after the employee receives a stamped and approved Declaration of Domestic Partnership Form, or equivalent form, from the appropriate state agency. Employees may also add or discontinue coverage for a domestic partner and/or domestic partner's child(ren), if applicable, during the annual open enrollment period. Employees enrolled in an A&B health plan may add domestic partners and the domestic partner's child(ren), if applicable, to their health and dental plans, when first eligible. To enroll, the employee must submit the following forms to A&B's Human Resources Department:

1. A&B Affidavit of Domestic Partnership Form (Attached)
2. Only for same sex partnerships, or for opposite sex partnerships, if one of the individuals is at least age 62, State of California Declaration of Domestic Partnership Form (if applicable)

Employees who fail to enroll a domestic partner or a domestic partner's child(ren), if applicable, when first eligible, may enroll them during the next available open enrollment period, or within 30 days of a qualified mid-year change.

## **Termination of Domestic Partner Coverage**

Coverage ends when the active employee retires or terminates employment.

## **Effective Date of Domestic Partner Enrollment**

Coverage for domestic partners enrolled during the Open Enrollment period will be effective January 1 of the following year. Thereafter, enrollment documents must be submitted within 30 days of the domestic partnership registration or within 30 days of a qualified mid-year change. All forms should be submitted to A&B's Human Resources Department. Coverage will be effective the first of the month following the registration or qualified mid-year change. Changes can also be made during each annual open enrollment.

## **Mid-Year Changes**

Changes to domestic partner coverage may be made if an employee has a qualified mid-year change and A&B's Human Resources Department is notified within 30 days of the change. Below are some examples of mid-year changes that would allow employees to make coverage level changes:

- Declaration of a domestic partnership
- Birth or legal adoption of a domestic partner's child
- A change in a domestic partner's employment status
- A significant change in a domestic partner's employer's health care coverage
- Death of the domestic partner or domestic partner's child(ren)
- Termination of a domestic partnership

## **Financial Liability of an Employee with a Domestic Partner**

The employee is responsible for maintaining accurate enrollment status with A&B's Human Resources Department. Failure to notify A&B of the termination of the domestic partnership shall make the employee liable for any and all additional expenses incurred by the domestic partner and/or a domestic partner's enrolled child(ren), if applicable, including premiums paid by A&B.

## **Termination of Domestic Partnership**

If the domestic partnership ends, or the domestic partners no longer share a common residence, the employee must cancel all benefits coverage for the domestic partner within 30 days of the termination of the partnership. Coverage for children of the domestic partner, enrolled as economically-dependent child(ren) under the domestic partnership must also be terminated once the domestic partnership dissolves. If you filed a Declaration of Domestic Partnership, or equivalent form, with the appropriate state agency, cancellation of domestic partnership coverage can be accomplished by submitting the Notice of Termination of Domestic Partnership Form, or equivalent form, to the appropriate state agency, and a copy of it and all necessary change forms to A&B's Human Resources Department within 30 days of the dissolution of the partnership. If you did not file a Declaration of Domestic Partnership, or an equivalent form, with the appropriate state agency and you wish to terminate the domestic partnership, complete and return the Alexander & Baldwin, Inc. Affidavit of Termination of Domestic Partnership to A&B's Human Resources Department. The Notice of

Termination of Domestic Partnership will affirm that the domestic partnership status is terminated, and that health, dental, and vision coverage will be terminated as of the end of the month in which the partnership ended. Failure to provide notification of the dissolution of the domestic partnership within 30 days may result in additional and unwanted imputed income to the employee, in addition to claims and premium costs.

**Termination of Coverage for Enrolled Child(ren) of Domestic Partners**

Coverage for enrolled child(ren) of domestic partners will end the last of the month in which any of the following events occur:

- The child(ren) turns age 25
- The child(ren) marries
- The domestic partners no longer share a common residence
- The domestic partnership is terminated

To end coverage for a domestic partner's enrolled child(ren), employees must submit the appropriate change forms to A&B's Human Resources Department within **30 days** of the event.

**Continuation After Coverage Ends**

After employment ends, enrolled employees will be eligible for COBRA continuation coverage for themselves. The employee's domestic partner and the partner's children will not be eligible for COBRA.

**Questions?**

For further questions or assistance regarding domestic partner coverage, contact A&B's Human Resources Department.

**A&B reserves the right to amend or discontinue any employee benefit plan, or any part of it, with or without notice, at any time at A&B's sole discretion.**