

Benefit Policies

Extended Family Benefits

Northern Kentucky University offers you the opportunity to cover an Extended Family Dependent under various benefit programs, including health, dental and vision. The University does not contribute toward the cost of coverage for the Extended Family Dependent; the employee pays the full cost of the coverage.

Who can be covered under NKU insurance benefits?

Employees, spouses, extended family dependents, dependent children, eligible non-active faculty, and COBRA participants.

Eligibility

An Extended Family Dependent:

- Is age 18 or older and mentally competent to consent, and
- Is either not related by blood to the employee, or if a blood relative (or relative by adoption or marriage) is of the same or younger generation of the employee, and
- Is not legally married to anyone, and
- Is not currently eligible for any part of Medicare, and
- Must be residing in the employee's household and have done so for a period of at least 12 months, and
- Must be financially interdependent (for example, have joint checking account or joint mortgage) for 12 months or longer, which could be demonstrated upon request by providing proof of existence of at least one of the following:
 - ❑ A joint mortgage or lease or other evidence of common residence such as joint utility bills
 - ❑ Durable property or health care power of attorney
 - ❑ Joint ownership of a motor vehicle
 - ❑ Joint checking account/credit account
 - ❑ Designation of each other as the primary beneficiary in a will, life insurance policy, or retirement plan

Things You Need To Know

Employee Pays for Cost of Extended Family Dependent

An employee has the choice of covering his/her legal spouse OR one Extended Family Dependent on his/her NKU medical plan, but not both. The employee bears the full cost of covering an Extended Family Dependent and the Extended Family Dependent's children, if any.

Must Submit Affidavit Form

In order to cover an Extended Family Dependent, you must submit an affidavit and documentation of twelve months or more of residency of the Extended Family Dependent with the covered NKU employee to the Human Resources Department. It is your responsibility to notify the Human Resources Department if the Extended Family Dependent is no longer eligible for coverage or if the Extended Family Dependent obtains coverage from another employer.

Tax Issues

Employees who are considering applying for extended family benefits should be aware that this may have significant tax consequences.

The University benefit program for its faculty and staff is classified as a Section 125 cafeteria benefits plan. The University is prevented from allowing you to pay for coverage on a pre-tax basis. The exception to this rule is if the Extended Family Dependent meets the Internal Revenue Service dependency guidelines, only then may the Extended Family Dependent be included under the pre-tax program. These dependency guidelines require that the employee must provide more than 50% of the Extended Family Dependent's financial support and both of you must share the same household. If you feel that you meet this qualification, you must notify the Human Resources Department in order to qualify for this special program. Otherwise, you and the Extended Family Dependent will be considered separately for the payment of any premiums on a before-tax basis.

This brief description is not intended as tax or legal advice but rather to alert employees of the potential tax ramifications. Due to Internal Revenue Code provisions, the "fair market value" of certain benefits will be considered as taxable income to the employee. Under federal law, Extended Family Dependents do not share the same status and corresponding tax benefits as those of a legal spouse. The University must report the fair market value of certain Extended Family Dependent benefits as wages to the Internal Revenue Service. Additionally, the University is required to make additional tax withholdings from the employee's paycheck.

Because this area of tax law is still developing, and because the situation of every employee is different, the University strongly encourages employees to consult with a tax advisor before applying for Extended Family Dependent benefits.

Legal Issues

Applying for Extended Family Dependent benefits may create legal obligations and have legal consequences. For this reason, the University encourages employees to seek legal advice before applying for Extended Family Dependent benefits.

Further Questions

Questions about Extended Family Dependent benefits may be directed to the Human Resources Department.