

## TAXATION OF OTHER ELIGIBLE PERSON BENEFITS 2012 CALENDAR YEAR

IRS regulations require the University to tax the fair market value of University-provided healthcare benefits (medical, dental and/or vision) for Other Eligible Persons (OEP). The IRS defines fair market value of a fringe benefit as the amount you would have to pay for an individual policy for your OEP.

Use the chart on the reverse side to determine the taxable amount to you resulting from the addition of an OEP to your medical, dental and/or vision coverage. This amount will be added to your taxable gross income.

Add together the monthly taxable amounts for medical, dental and/or vision insurance from the tables on the reverse side. This will give you the increase to your taxable gross income. To estimate the increase in your taxable income and the resulting tax increase, please follow the instructions below:

FEDERAL TAX BRACKET	PLUS STATE TAX RATE	PLUS FICA TAX RATE	PLUS DETROIT NON-RESIDENT TAX RATE	TOTAL TAX RATE
15%	4.35%	7.65%	1.25%	28.25%
25%	4.35%	7.65%	1.25%	38.25%
30%	4.35%	7.65%	1.25%	43.25%

**Example 1:** If you are a 12-month employee with health coverage, dental coverage, are in a 15% Federal tax bracket and are adding an OEP the following estimated tax would apply:

Health Plan Taxable Amount:	\$147.15 (actual values on 12-month table)
Dental & Vision Plan Taxable Amount:	<u>\$ 16.68</u>
Total Bi-Weekly Taxable Amount:	\$163.83 (taxable amount to you)
Times Total Tax Rate	<u>X 28.25%</u>
Amount of <b><u>Bi-Weekly</u></b> Tax Increase	\$ 46.28

**Example 2:** If you are a 9-month employee with health coverage, dental coverage, are in a 25% Federal tax bracket and are adding an OEP the following estimated tax would apply:

Health Plan Taxable Amount:	\$248.15 (actual values on 9-month table)
Dental & Vision Plan Taxable Amount:	<u>\$ 22.24</u>
Total Bi-Weekly Taxable Amount:	\$270.39 (taxable amount to you)
Times Total Tax Rate	<u>X 38.25%</u>
Amount of <b><u>Bi-Weekly</u></b> Tax Increase	\$103.42

**Note:** If live in the city of Detroit you may also need to consider the Resident tax in your calculation.

**Low Co-Pay Plan**  
**12-Month Employees 2012 Imputed Income Bi-Weekly Taxable Amounts**  
**Active Employees (*Excluding AAUP-AFT, Graduate Assistants and Stipends*)**

	Single to 2-Person Coverage	2-Person to Family Coverage	Family w/ OEP
Blue Cross/Blue Shield	\$145.42	\$245.63	\$398.20
Blue Care Network (HMO)	\$175.65	\$235.46	\$242.49
Community Blue (PPO)	\$227.61	\$319.22	\$371.90
Health Alliance Plan (HMO)	\$175.09	\$234.09	\$240.97
DMC Care (PPO)	\$205.83	\$244.99	\$288.83
Total Health Care (HMO)	\$75.04	\$79.39	\$85.59
Delta Dental	\$15.62	\$25.12	\$15.62
EyeMed Vision	\$1.16	\$1.16	\$2.08

**Low Co-Pay Plan**  
**9-Month Employees 2012 Imputed Income Bi-Weekly Taxable Amounts**  
**Active Employees (*Excluding AAUP-AFT, Graduate Assistants and Stipends*)**

	Single to 2-Person Coverage	2-Person to Family Coverage	Family w/ OEP
Blue Cross/Blue Shield	\$193.89	\$327.51	\$530.93
Blue Care Network (HMO)	\$234.20	\$313.94	\$323.32
Community Blue (PPO)	\$303.48	\$425.62	\$495.87
Health Alliance Plan (HMO)	\$233.45	\$312.12	\$321.29
DMC Care (PPO)	\$274.44	\$326.65	\$385.10
Total Health Care (HMO)	\$100.06	\$105.86	\$114.11
Delta Dental	\$20.82	\$33.49	\$20.82
EyeMed Vision	\$1.55	\$1.55	\$2.77

**High Co-Pay Plan**  
**12-Month Employees 2012 Imputed Income Bi-Weekly Taxable Amounts**  
**AAUP-AFT, Graduate Assistants and Stipends**

	Single to 2-Person Coverage	2-Person to Family Coverage	Family w/ OEP
Blue Cross/Blue Shield	\$141.13	\$241.57	\$391.97
Blue Care Network (HMO)	\$169.34	\$225.27	\$232.15
Community Blue (PPO)	\$223.90	\$314.27	\$366.09
Health Alliance Plan (HMO)	\$168.88	\$223.69	\$230.40
DMC Care (PPO)	\$203.07	\$241.28	\$284.48
Total Health Care (HMO)	\$74.57	\$78.89	\$85.04
Delta Dental	\$15.62	\$25.12	\$15.62
EyeMed Vision	\$1.16	\$1.16	\$2.08

**High Co-Pay Plan**  
**9-Month Employees 2012 Imputed Income Bi-Weekly Taxable Amounts**  
**AAUP-AFT, Graduate Assistants and Stipends**

	Single to 2-Person Coverage	2-Person to Family Coverage	Family w/ OEP
Blue Cross/Blue Shield	\$188.17	\$322.09	\$522.63
Blue Care Network (HMO)	\$225.79	\$300.35	\$309.53
Community Blue (PPO)	\$298.53	\$419.02	\$488.11
Health Alliance Plan (HMO)	\$225.17	\$298.25	\$307.19
DMC Care (PPO)	\$270.76	\$321.71	\$379.30
Total Health Care (HMO)	\$99.42	\$105.18	\$113.39
Delta Dental	\$20.82	\$33.49	\$20.82
EyeMed Vision	\$1.55	\$1.55	\$2.77