

## WORKING FAMILIES TAX RELIEF ACT (WFTRA)

The Working Families Tax Relief Act of 2004 (WFTRA) changed the rules under Internal Revenue Code Section 152 for determining who you can cover tax free under certain employee benefit plans. The rules took effect January 1, 2005. The rules define two types of dependents, "Qualifying Children" and "Qualifying Relatives." Generally

- a "Qualifying Child" is your child, or a brother, sister, stepbrother, stepsister or descendant of any such relative who lives with you for over half of the year, does not provide over half of his/her own support and is under age 19 as of the close of the calendar year (or under age 24 as of the close of the calendar year and a full-time student) or is permanently and totally disabled. If a person is a "Qualifying Child" of one taxpayer, the person cannot be a "Qualifying Relative" of another.
- a "Qualifying Relative" is a person that doesn't meet the definition of a "Qualifying Child" for any taxpayer, receives more than half of his/her support from you, and is either your relative (generally a relative will include your parent, grandparent, stepparent, child, grandchild, brother, sister, stepbrother, stepsister, aunt or uncle, niece or nephew, or your spouse's parents, brother, sister or children) or an individual that has the same principal place of abode as you and is a member of your household for the entire taxable year.

This change may impact your family's entitlement to employee benefits, may change the tax treatment for some benefit coverage, and may eliminate reimbursement of expenses under a healthcare flexible spending account. The rule also does not allow you to receive dependent care reimbursement for a child under 13 years of age unless that child is your "Qualifying Child".

If your dependent child does not meet the definition of Qualifying Child or Qualifying Relative, the portion paid by the employer and the portion paid by the employee on a pre-tax-basis will result in imputed income to you based on the Fair Market Value of the coverage. NOTE: Even though the IRS definition of Qualifying Child is to age 19 and to age 24 if full time student, if the child reaches 19 or 24 during the calendar year, the child is considered over the age limit for the entire year, resulting in imputed income for the year unless the child qualifies as a "Qualifying Relative."

Our health plans extend coverage to children to age 19 or to age 24 if full time student.

We recommend that you consult your tax adviser to determine which of your family members will qualify as your dependent under the IRS rules.

If your dependent child(ren) meet the IRS definition of Qualifying Child or Qualifying Relative and that changes, you must notify HR immediately.

For coverage for the next plan year, please complete the information below if your dependent children do not qualify as IRS tax dependents:

☐ My dependent child(ren) do not meet the IRS definition of Qualifying Child or Qualifying Relative, therefore I will have imputed income on the following child(ren):

Input names of child/children below:

_____	_____
_____	_____
_____	_____

\_\_\_\_\_  
Employee Signature

The information provided should not be construed as legal or tax advice. The contents are intended for general information purposes only and you are urged to consult an attorney or tax advisor concerning your own situation and any specific questions you may have.