

Certification of Federal Tax Dependent Status for Life Partners and Children of Life Partners

There may be federal and state income tax consequences for you when you enroll your life partner and children of your life partner who are not also your children in the health coverage offered under the REI Benefit Plan "The Plan". "Health coverage" includes medical, vision, and dental benefits.

If you enroll a life partner and/or your life partner's children in the Plan, you are responsible for determining whether your life partner and/or the children of your life partner are your tax dependents for purposes of health coverage. You should consult a tax professional if you are unable to make this determination yourself.

Under federal tax law:

- ④ **If your life partner or your life partner's children enrolled in the Plan qualify as your tax dependents under federal tax law for the entire calendar year**, then the value of the health coverage provided to them will not be included in your gross income and will not be subject to state and federal withholding or employment taxes, and you may pay your contributions for their health coverage on a pre-tax basis.
- ④ **If your life partner or your life partner's children enrolled in the Plan do not qualify as your tax dependents under federal tax law for the entire calendar year**, then the total value of the health coverage provided to them for the entire calendar year will be included in your gross income, subject to federal and, in some cases, state income tax withholding and federal employment taxes. This imputed income will be reported on your Form W-2. The total value of the health coverage includes the portion of the cost of coverage that REI pays and the portion that you pay. (The value of coverage varies, depending on the Plan benefits in which your life partner and his or her children are enrolled: please contact the Employee Service Center for information on the value of the coverage.)
- ④ **If your life partner or your life partner's children enrolled in the Plan do not qualify as tax dependents under federal tax law for the entire calendar year** because of a change in tax status during the year, the value of the applicable health coverage for the entire year, including the portion of the tax year prior to the change, will be included in your gross income. The applicable income tax and employment tax withholding related to the portion of the year prior to the change in tax status will be charged to your pay as soon as possible after REI is informed of the change in tax status.
- ④ **If you live in a state (e.g., CA, CT, OR, MA, NJ) that allows you to exclude the value of your life partner benefits from your state taxable wages**, notify the Employee Service Center. You must meet certain state requirements (e.g., state-registered domestic partner or civil union) to be eligible for state tax exemptions.

Please note: The information found below is just a summary of the applicable federal tax law. You are responsible for determining whether your life partner or the life partner's children are your tax dependents for health plan purposes under federal tax law.



Who is a “tax dependent” for Plan purposes?

For Plan purposes, your life partner and/or the children of a life partner are automatically considered to be tax dependents if you claim them as dependents on your IRS Form 1040.

Your life partner or a child of a life partner could be your federal tax dependent for Plan purposes even if you do not claim your life partner or a child of a life partner as a dependent on your Form 1040 if the following “qualifying relative” conditions are met:

- ④ You and the individual (life partner or child) have the same principal place of residence for the entire calendar year;
- ④ The individual is a member of your household for the entire calendar year;
- ④ During the calendar year you provide more than 50% of the total support for the individual;
- ④ The individual is not anyone’s “qualifying child” under Internal Revenue Code Section 152(c); and
- ④ The individual is a U.S. citizen, a U.S. national or a resident of the U.S., Canada or Mexico.

Most children of life partners do not qualify under this test because they are the qualifying child of the life partner and not the employee. Your life partner is also considered to be your federal tax dependent for Plan purposes if he or she meets the above requirements for the first portion of the year, and then you marry and he or she remains your legal spouse for the remainder of the year.

To determine whether you provide more than half of the total support for your life partner or child of a life partner, you must compare the amount of support you provide with the amount of support your life partner or the child receives from all sources, including Social Security, welfare payments and his or her own funds. Support includes food, shelter, clothing, medical care, education and the like. If you believe you might provide more than half of the support for your life partner or a child of a life partner, you should use the support worksheet in **IRS Publication 501** (Exemptions, Standard Deduction and Filing Information) or consult your tax professional before you complete the Tax Certification described below.

The child of your life partner may qualify as your tax dependent for Plan purposes by satisfying the five “qualifying relative” requirements listed above or by satisfying the “qualifying child” test under the Internal Revenue Code. You should consult with a tax advisor for the information needed to make this determination.

Certification of Federal Tax Dependent Status

If your life partner and/or his or her children qualify as your tax dependents for health coverage purposes under federal tax law, you must complete and return the Certification of Federal Tax Dependent Status (Tax Certification) to avoid the tax consequences described above. You must contact the Employee Service Center (ESC) at 1-800-999-4734 or hrhr@rei.com to obtain a Tax Certification, complete the form and return it to the ESC in order to avoid taxation. If there are changes to the tax status of your life partner or your life partner’s children’s tax status, it is your responsibility to update your tax certification by submitting a revised tax certification.



Certification of Federal Tax Dependent Status

List the names of your life partner and each of his or her children and certify whether each is a tax dependent for health coverage purposes under federal tax law. You do not need to make this certification for children who are your children: only for children of a life partner who are not also your children.

Name(s)	Tax Dependent for Health Coverage Purposes?	
Life partner:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Child:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Child:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Child:	<input type="checkbox"/> Yes	<input type="checkbox"/> No

I understand that if I do not declare my life partner and/or his or her children to be tax dependents for purposes of the health coverage provided by the Plan, the value of the health coverage provided to them will be considered taxable income and subject to income and payroll tax withholding for me, and I may not use my Plan Health Care Flexible Spending Account or Limited Purpose Health Care Flexible Spending Account for their unreimbursed medical expenses. REI is relying completely upon my representations on this form in determining whether all or any portion of the health care coverage provided is taxable. Any under-reporting of income or under-withholding of tax by REI which is caused, directly or indirectly, by my providing inaccurate or incomplete information or failing to notify REI of any change in circumstances which affects the taxability of all or any portion of my benefits is my responsibility and REI has no liability for such under-reporting or under-withholding.

I understand that willful falsification of information on this declaration may lead to disciplinary action, up to and including termination of employment.

I agree to notify the Employee Service Center immediately of any change in tax status. I understand that if I had previously certified my life partner and/or his or her children as eligible for tax-favored health coverage, I may be liable for taxes due to changing their tax status.

I certify the foregoing is true and correct to the best of my knowledge.

Employee Name

Employee Signature

Employee ID

Date

