

IMPUTED TAX FOR 19-27 YEAR OLDS

The recently passed federal health care reform act provides some changes to the current City policy regarding “non-tax dependent adult children”

- As part of the 2010 federal health care reform (Patient Protection and Affordable Care Act, March 23, 2010 and Health Care and Education Reconciliation Act, March 30, 2010) non-tax dependent adult children, or adult children, are eligible for health insurance through the end of the year they turn 26 without any imputed federal tax. Imputed State tax will still apply for any 19-26 year old who is not an IRS dependent (parent provides 51% of support for child).
 - If your child was born in 1984 or later, for 2010 this means the imputed federal tax will not be collected by the City, beginning in May 2010 for June 2010. Imputed state tax will be collected only if the adult child is not an IRS dependent (parent provides 51% of support for child).
 - If your child was born in 1984 or later, for 2010 this means your child will turn 26 in 2010 and will be covered without imputed federal tax until December 31, 2010. Imputed state tax will be collected only if the adult child is not an IRS dependent (parent provides 51% of support for child).
 - If your child was born in 1984 or later, this means that beginning in 2011, if he or she continues to be covered by the City health plan under the 2009 state mandate to cover children until the end of the month they turn 27, your child could be covered in 2011, but only until the end of the month they turn 27. There will be imputed federal and state taxes.
 - If your child was born in 1983 for 2010 this means your child will turn 27 in 2010, and will only be eligible for coverage under the 2009 state mandate in 2010 until the end of the month your child turns 27. There will continue to be imputed federal and state tax taken on the value of the health care.
- The Wisconsin Department of Revenue (DOR) has stated that unless and until the Wisconsin legislature addresses this issue, there will be imputed income for Wisconsin income tax purposes on the value of the health insurance. Therefore the City will continue to collect imputed state taxes for non-tax dependent adult children under age 27.
- Please call the Department of Employee Relations, Employee Benefits, at 286-3184, if you have any questions regarding this issue.