



## *Fast Facts from EBRI*

Contact: John MacDonald, EBRI, (202) 775-6349, [macdonald@ebri.org](mailto:macdonald@ebri.org)  
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### **Domestic Partner Benefits: Q and A**

WASHINGTON—What are domestic partnership benefits? What is included in domestic partner benefits? What is the cost of these benefits? How are they taxed?

Answers to these and other questions appear in the September 2008 *EBRI Notes*, released earlier this week and available at [www.ebri.org](http://www.ebri.org). Here are some of the details:

**What are domestic partner benefits? How widespread are they?** These are benefits that an employer chooses to offer to an employee's unmarried partner, whether of the same or opposite sex. According to a 2007 survey cited in the *EBRI Notes*, 54 percent of surveyed firms offered coverage for domestic partners. Seventeen percent of firms offered domestic partner coverage to same-sex couples only; 1 percent of firms offered coverage to opposite-sex couples only; 32 percent of surveyed firms offered coverage for same- or opposite-sex couples.

**Why offer domestic partner benefits?** Given the typically diverse contemporary work force, some employers try to design their benefits package to appeal to that diversity and maintain a recruitment edge. According to a 2005 study cited in the *EBRI Notes*, the top reason for offering domestic partner benefits was to attract and retain employees (cited by 71 percent of organizations offering benefits to same-sex couples and 69 percent to opposite-sex couples).

**What is included in domestic partner benefits?** Most employers that offer domestic partner benefits to their workers offer a range of only low-cost benefits, such as family/bereavement/sick leave, relocation benefits, access to employer facilities, and attendance at employer functions. However, most public attention involving domestic partner benefits concerns employers that offer health insurance coverage to domestic partners.

**What is the cost of domestic partner health benefits?** Studies have shown that offering domestic partner health coverage costs employers no more than spousal health coverage, and that few workers choose the benefit when it is offered. The vast majority of workers who enroll in domestic partner benefits tend to be unmarried heterosexual couples.

**How are domestic partner health benefits treated for tax purposes?** Domestic partner health benefits, unlike spousal benefits, are treated as taxable income. Since marriage is regulated at the state level, and some states have legalized same-sex marriages, it might appear that same-sex spousal health benefits would also be tax-exempt. However, the federal Defense of Marriage Act, which defines "marriage" as a legal union between one man and one woman, denies favorable tax treatment of same-sex spousal health benefits.

**What proof of partner relationship is needed?** It is up to the employer to determine what is appropriate. Some employers are satisfied with the partners signing a written statement of their relationship. Some employers may require proof of some financial relationship, such as a joint lease or mortgage. Whatever documentation is required must be germane to the issue of validating a domestic partnership, or it could lead to claims of invasion of privacy.

More detailed answers to these and other questions appears in the September 2008 *EBRI Notes*, including survey data from a variety of sources, additional information about the tax treatment, and state and federal action affecting domestic partner benefits.

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