

## DOMESTIC PARTNER OVERVIEW – Puerto Rico

### Who qualifies as a domestic partner?

Domestic partners are defined as two adults who meet the following qualifications:

- Have shared the same household for at least six months and intend to continue to do so indefinitely
- Are engaged in a committed relationship of mutual caring and support and intend to remain so indefinitely
- Share responsibility for each other's common welfare and living expenses
- Share financial interdependence
- Have completed, and met, the requirements of Costco's "Declaration of Domestic Partnership"
- Consider themselves to be life partners
- Are not married to, in a committed relationship with, or legally separated without a dissolution of marriage from anyone else
- Have not had another domestic partner or spouse within the prior six months (this does not apply if the previous domestic partner or spouse has died)
- Are both over 18 years old
- Are not related by blood to a degree of closeness that would prohibit legal marriage
- Are not in the relationship solely for the purpose of obtaining benefits coverage
- Have not been previously covered under this plan as your spouse

### Are my domestic partner's children eligible?

Your domestic partner's children are eligible only if:

- Your home is the child's primary residence;
- The child is not eligible to be covered under a Costco Medical Plan as the dependent of another Costco employee;
- The child lives with you for more than 9 months of the year;
- The child is eligible to be claimed on your domestic partner's tax return as a dependent;
- Your domestic partner acts as the primary custodial parent;
- You have a parent-child relationship with the child which is expected to be permanent;
- You and your domestic partner provide the child's principal support; and
- The child is under the age of 19 (or under the age of 23 and a full-time student at an accredited school);
- The child is unmarried

### Is my domestic partner eligible for all of the same benefits as a spouse under the Costco Employee Benefits Program?

All benefits offered through the Employee Benefits Program consider domestic partners as eligible for coverage, as long as you meet the definition of domestic partner as described in the Program.

### How do I enroll my domestic partner and eligible children?

- Complete a Triple S Enrollment Form
- Complete the Declaration of Domestic Partnership;
- Attach all supporting documentation as described in the Declaration;
- Attach birth certificates for the children you wish to enroll, and
- Turn in completed forms and attachments to the payroll or benefit department representative at your location, or you may send the forms directly to the Costco Employee Benefit Department at the Home Office via inter-company mail
- Your location's payroll or benefit representative can provide you with each required form. You may also access these forms on-line at [www.costcobenefits.com](http://www.costcobenefits.com).

### When can I enroll my Domestic Partner and children?

The enrollment window for Domestic Partners is generally the same as that for other eligible dependents – when you first become eligible for benefits, during Annual Open Enrollment or when you experience a qualified change in status such as the birth or adoption of a child or loss of other medical coverage. Your enrollment window depends on your event – you have a 60 day enrollment window if your event is the birth or adoption of a child and a 30 day enrollment window for all other events. Annual Open Enrollment is generally held in the fall of each year.

### My domestic partner is also a Costco employee; can one of us decline coverage?

Yes, however, please review the explanation on tax and contribution differences that follows.

**Are there any tax or contribution differences if I add a Domestic Partner?**

Yes, unlike benefits provided to a legally married spouse, the IRS considers the value of the benefits provided to a domestic partner, or their children, as taxable income to the employee. The value of the benefits is more than the cost of the premiums you pay. The value of the medical benefits (including dental, vision, prescription drug and mental health and substance abuse) has been determined by using the "COBRA rate." The "COBRA" rate is the amount charged for temporary continuation of coverage as described on pages 41 - 47 of the Summary Plan Description. What page is this mentioned in the Puerto Rico SPD?

The COBRA rate is considerably higher than the premium cost you pay to add your domestic partner. The difference between the COBRA rate and the premiums deducted from each of your payroll checks must be reported as taxable income to you, subject to withholding from your paychecks on a bi-weekly basis. In addition, unlike the deductions you pay for yourself, the premiums you pay for domestic partner benefits must be withheld from your paycheck on an after-tax basis.

Consult your personal tax advisor for questions on the tax and financial impact of enrolling a domestic partner and domestic partner's child.

**Can you give an example of how this works?**

*This is a short overview. It is not a complete summary of the plan description. If there is a discrepancy between this overview and the Costco Employee Benefits Program or an insurance contract, the Official Plan documents and the insurance contracts will control. The Plan is not bound to any written communication that conflicts with the Plan or insurance contracts. Please contact the Employee Benefit Department with your eligibility and enrollment questions at (800) 284-4882.*



<b>Triple S Medical Plan</b>		
<b>Medical/Dental Selection:</b>		
	<b>Employee Only Coverage</b>	<b>With Domestic Partner Coverage</b>
▪ Paycheck	\$ 1,231.00	\$ 1,231.00
▪ Add Domestic Partner Taxable Benefits	\$ 0	\$ 93.26
<b>Adjusted gross pay</b>	<b>\$1,231.00</b>	<b>\$1,324.26</b>
▪ Post-tax benefit domestic partner premium deduction for:		
Medical	-\$ 2.50	-\$ 12.50
Dental	-\$ 1.00	-\$ 3.00
▪ Estimated. Federal, State & Social Security Taxes	-\$ 430.85	-\$ 463.49
▪ Deduct Domestic Partner Taxable Benefit		-\$ 93.26
▪ <b>Net pay</b>	<b>\$ 796.65</b>	<b>\$ 752.01</b>
<b>Additional cost for domestic partner coverage:</b>		
<b>Per Paycheck</b>	<b>\$ 44.64</b>	
<b>Annually</b>	<b>\$ 1,160.64</b>	

**DECLARATION OF DOMESTIC PARTNERSHIP – Puerto Rico**

**I. DECLARATION:**

We,

\_\_\_\_\_, and

\_\_\_\_\_,  
(Employee Name and Employee # - Print)

\_\_\_\_\_  
(Domestic Partner (DP) Name - Print)

each certify and declare that we are domestic partners in accordance with the following criteria:

**II. STATUS:**

1. We cohabit and have resided together in the same residence/household for at least six consecutive months and intend to do so indefinitely.
2. We have not been previously legally married to each other while covered under the Costco Plan.
3. Neither of us is legally married (as defined by federal tax law) to, in a committed relationship with, or legally separated without dissolution of marriage from, anyone else nor have we had another domestic partner or spouse within the prior six months. (This condition will be waived if your previous domestic partner has died.)
4. We are both at least eighteen (18) years of age and mentally competent to consent to a contract.

5. We are not related by blood to a degree of closeness that would prohibit legal marriage in the state in which we reside.
6. We are not in this relationship solely for the purpose of obtaining benefits coverage.
7. We are each other's sole domestic partners and intend to remain life partners indefinitely. Although not defined as spouses under federal tax law, we are engaged in a committed relationship of mutual caring and support. We are jointly responsible for our common emotional, physical, and financial welfare and support. Our interdependence is demonstrated by the following documents, which were not created solely to fulfill the requirements below.

**You must provide supporting documentation before your Domestic Partner will be approved for coverage. The document requirements are listed below. Please check the box and attach copies of the items you have indicated by the check mark.**

**Category 1 (required):**

- Common ownership of real property (joint deed, mortgage agreement or mortgage payment coupon) or a common leasehold interest in property. This must be dated at least 6 months prior to applying for this coverage. *Submit mortgage payment coupon, copy of the Deed, or entire lease agreement for your current primary residence;*

**Category 2 (two required):**

- Last Will and Testament naming each other as heir to no less than 50% of the estate  
*Submit a copy of your Last Will and Testament AND a copy of your DP's Last Will & Testament;*
- Proof of joint bank accounts  
*Submit Bank statement for your primary checking/savings account;*
- Proof of joint credit accounts  
*Submit a copy of the credit card or a home equity line of credit statement. Note: American Express does not consider your account to be a joint account even if you completed a joint credit application. An approved signer on your account is not the same as a joint account holder;*

**Category 3 (two required):**

- Common ownership of a motor vehicle  
*Submit a copy of the vehicle registration or title;*
- Driver's license listing a common address  
*Submit a copy of your Driver's License AND a copy of your DP's License;*
- Appointment of each other in durable property powers of attorney or health care powers of attorney  
*Submit a copy of your power of attorney AND a copy of your DP's power of attorney;*
- Life insurance, retirement plan, and other benefit plan forms naming each other as primary beneficiary  
*Submit a copy of your policy beneficiary AND a copy of your DP's policy beneficiary;*
- State Certified Birth certificate or adoption order showing joint custody of our child (ren);
- Evidence of a cultural ceremony of commitment as life partners or state certified marriage certificate;
- Other shared loan agreements, contracts, or legal documents reflecting our relationship as domestic partners  
*Submit copies of documents such as a car loan. Applications for credit and household bills are not acceptable*

**III. CHILDREN OF DOMESTIC PARTNER**

The following children of my domestic partner meet each of the requirements listed below (please list only those children who qualify):

Name of Child	Date of Birth	Names of Parents

1. The child is unmarried.
2. The child is under the age of 19 (or under the age of 23 and a full-time student at an accredited school).
3. Our home is the child's primary place of residence.
4. We provide the child's principle financial support.
5. The child is eligible to be claimed on my domestic partner's tax return as a dependent.
6. The child is not eligible to be covered under Costco's medical plans as a dependent of another employee.
7. The child lives with us for more than 9 months of the year.
8. The domestic partner is the child's primary custodial parent.
9. The employee has a parent-child relationship with the child that's expected to be permanent.

**IV. ADDITIONAL CONSIDERATIONS FOR DOMESTIC PARTNERS**

Domestic partners and their children are not eligible for healthcare continuation through COBRA. Nonetheless, the domestic partner (and the domestic partner's children) of an employee who has died or who is on COBRA may be eligible to continue healthcare coverage. If the domestic partnership terminates continued coverage would also stop.

**V. CHANGE IN DOMESTIC PARTNERSHIP: Please read the following items carefully then initial the line next to each item. If you do not initial these lines your forms will be returned to you for completion.**

- \_\_\_\_\_  
(Int.) 1. We have an obligation to notify the Costco Employee Benefit Program by filing a Declaration of Termination of Domestic Partnership if there is any change in our domestic partnership status as attested to in this Declaration that would terminate this Declaration (for example, the death of a partner, a change in residence of one partner, termination of the relationship, etc.). We will notify the Plan within sixty days (60 days) of such change. Failure to so notify the Program may result in termination of employment, as explained in the Employee Agreement.
- \_\_\_\_\_  
(Int.) 2. We understand that any benefits obtained as a result of the completion of this Declaration will terminate on the date that the relationship ends, if the Program is notified or not. We agree that each of us will be liable to repay the Program for any benefits received after the relationship ends, and that the Program may collect all benefits improperly paid from either one of us.

**VI. ACKNOWLEDGMENTS:**

1. We understand that a civil action may be brought against one or both of us for any losses (as well as attorneys' fees and costs) due to any false statement contained in this Declaration or for failure to notify the Costco Employee Benefits Program of changed circumstances as required in Section IV above.
2. We have provided the information in this Declaration for use by the Costco Employee Benefits Program for the sole purpose of determining our eligibility for certain domestic partner benefits. We understand that the information provided in this Declaration will be treated as confidential but will be subject to disclosure: a) upon the express written authorization of the undersigned employee, b) upon request of the insurer or plan administrator, c) if otherwise required by law, or (d) as otherwise permitted by the privacy rules of the Health Insurance Portability and Accountability Act or any other Puerto Rico privacy law more stringent than HIPAA..
3. We understand that this Declaration may have legal implications relating, for example, to our ownership of property or to taxability of benefits provided, and that before signing this Declaration we should seek competent legal advice concerning the matters disclosed here.
4. We declare under penalty of perjury under the laws of the United States America and the laws of the Puerto Rico, that the foregoing is true and correct.
5. We understand that §1027 of Title 18 of the United States Code makes it a crime to knowingly make a false statement in any document required to be kept by or certified by a welfare benefit plan administrator. **I further understand that the punishment for violations of this law can be a fine of up to \$10,000.00 and imprisonment for as long as five years.** I am also responsible to repay to the Program any benefits paid on behalf of an individual who is ineligible for benefits.
6. I, the undersigned employee, further understand that falsification of information in this Declaration, or failure to notify Costco of changed circumstances pursuant to Section IV above, may lead to disciplinary action against me, including discharge from employment.

\_\_\_\_\_  
Employee Name & Employee Number- Print

\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date of Birth

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

\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date

\_\_\_\_\_  
Domestic Partner Name & Employee Number- Print

\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Domestic Partner - Signature

\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date

**Please carefully review the supporting documents to ensure that they are complete and that they meet the requirements of the plan. Be sure to print the Employee's Name and Employee Number on each page that is submitted. Failure to properly complete the required documentation may result in a delay or denial of coverage for your Domestic Partner.**