



## **ILLINOIS RELIGIOUS FREEDOM PROTECTION & CIVIL UNION ACT LAW EFFECTIVE JUNE 1, 2011**

### **What is the Illinois Civil Union Act?**

The Act extends the "protection and benefits" of a married couple in Illinois to same-sex and opposite-sex couples who are at least age 18, have a valid license from the County Clerk, and who had their union properly officiated pursuant to the Act. This Act is effective June 1, 2011.

### **What "Protection and Benefits" are Extended in a Civil Union?**

Civil unions will allow couples to have leave rights and benefits governed by State law, visitation, adoption and parental rights, inheritance rights, the power to make medical decisions, and share rooms at a nursing home. This Illinois state law includes eligibility for a civil union partner in a group health plan's coverage.

### **How Do I Know If This Law Effects My Plan?**

For employers with fully-insured health plans, your health insurer will have to comply with this Illinois state law effective June 1, 2011. This law change may not apply until your plan's renewal date.

For employers with self-funded health plans, your plan is not required to comply with state laws. This is not a federal law and is not required for self-funded plans.

### **Will Civil Union Partners Be Eligible for COBRA?**

COBRA is a federal law and not subject to state law. A civil union partner will not be entitled to continuation under COBRA.

### **Will Illinois Spousal Continuation Law Apply?**

The Illinois Spousal Continuation law will apply to civil union partners with continuation of coverage guidelines the same as a spouse.

### **What Are the Tax Implications of This New Law?**

For Illinois state law, benefits provided to civil union partners will not be taxable for state income tax purposes. However, civil unions are not recognized under federal income tax law. Employers will have to calculate the fair market value (typically equivalent to your single COBRA premium) of coverage provided to the employee's civil union partner and add it to the employee's total taxable wages when calculating the federal income tax to withhold.

### **Can Employee's Continue to have Pre-Tax Payroll Deductions?**

Employers can continue to offer employees pre-tax payroll deductions for their health care premiums. However, the employee contributions for civil union partner benefits must be done on an after-tax basis.

### **Questions?**

Miller Buettner & Parrott will continue to follow this legislation and how each carrier will be implementing this change to their carrier notices and enrollment forms.

As additional information becomes available, your MBP Account Manager will notify you. If you have any questions, please do not hesitate to contact us at 815/986-0059.