

CLIENT ALERT

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IMPORTANT INFORMATION FOR OUR NEW JERSEY CLIENTS.....

ON FEBRUARY 19, 2007, NEW JERSEY ENACTED THE NEW JERSEY CIVIL UNION ACT.

This act provides civil union couples all the same rights, benefits, responsibilities and protections currently afforded to spouses in marriage – INCLUDING “laws relating to insurance, health and pension benefits”

This means that civil union partners must be offered all insurance benefits that are currently offered to spouses.

EFFECTIVE DATE FOR INSURANCE PLANS

Normally, benefit mandates apply on the first renewal following the enactment of the mandate. This is NOT the case here. All plans must comply as of the effective date of February 19, 2007.

THE ACT AND ITS RAMIFICATIONS UNDER FEDERAL LAW

The Act DOES NOT alter Federal law, which only confers marriage rights and privileges to opposite sex married couples. The Federal Defense of Marriage Act (DOMA) defines marriage as a “legal union between one man and one woman”. This affects your plan because Federal benefits are not available to parties who enter into a Civil Union. For instance:

- A Civil Union partner is not eligible for COBRA benefits, although NJ Continuation for small employers 2-50 lives is available. (sometimes called mini-COBRA)
- An employee may not take FMLA Leave to care for a partner (The New Jersey Leave Act may apply)
- Employees may not pay for insurance contributions for their partners on a pre-tax basis under a Section 125 plan
- Employer contributions towards a partner’s coverage as a dependent under the insurance plan would be considered compensation to the employee and therefore be reported as imputed income

EXEMPTION FROM OFFERING COVERAGE UNDER THE NJ CIVIL UNION ACT

Only those employers who have plans that are written outside of NJ or who are self insured are exempt from this mandate.

WHAT'S NEXT?

As is typically the case, the law is in effect and little to nothing has been released by the insurance carriers. As we learn additional information, we will continue to advise you

Disclaimer:

This notification and its attachments are intended to provide a general understanding of the subject matter. This information is not meant to serve as legal advice. If you would like more complete information, please do not hesitate to contact our office or your attorney.