

IMPORTANT NOTICE REGARDING TAXATION

If your otherwise eligible dependent child or same sex domestic partner does not qualify as a dependent under Section 152 of the Internal Revenue Code, the fair market value of the dependent coverage will be reported as taxable income and, if you are an active employee, income and payroll taxes on the fair market value of the dependent coverage will be withheld from your weekly paycheck. (For example, if you live in California, where the payroll tax rate is 16.1%, and if your income tax withholding is 15%, you will have a total of 31.1% of the fair market value of the dependent coverage withheld from your weekly paycheck.)

Participants are not required to pay payroll taxes on the value of dependent coverage for any dependent as long as the otherwise eligible dependent meets the following requirements:

For children who are your natural child, legally adopted child, step child, foster child or child under legal guardianship:

- (1) is a citizen, resident, or national of the United States;
- (2) resides with you for more than half the year (unless the parents are divorced and the non-custodial parent has a written agreement permitting him or her to claim the child as a dependent);
- (3) does not provide more than half of his or her own support;
- (4) is not claimed as a dependent by another taxpayer.

For children of a domestic partner or children who are NOT your natural child, legally adopted child, step child, foster child or child under legal guardianship:

- (1) is a citizen, resident, or national of the United States;
- (2) resides with you as a member of your household;
- (3) receives the majority of his or her annual support (food, clothing, housing, and medical care) from you; and
- (4) is not claimed by another taxpayer.

For same sex domestic partner:

- (1) is a citizen, resident, or national of the United States;
- (2) receives the majority of his or her annual support (food, clothing, housing, and medical care) from you; and
- (3) lives with you as a member of your household.

Effective March 30, 2010, the fair market value of dependent health coverage for a natural child, stepchild, legally adopted child, or foster child is not subject to federal taxes. However, the value of coverage for these dependents will be subject to state taxes.

Please use the form on the back of this notice to indicate whether the exemption criteria above are met for the dependent(s) you wish to add to your ILWU-PMA Welfare Plan coverage.

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Page 2, Certification Form

Employee's name _____ Local/Reg No _____

Please list the dependents you are adding to your ILWU-PMA Welfare Plan coverage and indicate by checking "YES" which dependents meet the exemption criteria listed on the front of this form. If they do not meet the criteria, check "NO". If you mark "NO" in this section, the dependent coverage will be reported as taxable income as described on the front of this form.

Dependent name:	Date of birth:	YES	NO
_____	____/____/____	_____	_____
_____	____/____/____	_____	_____
_____	____/____/____	_____	_____
_____	____/____/____	_____	_____
_____	____/____/____	_____	_____

DOCUMENTATION REQUIRED:

You will need to submit Worksheet 1, IRS Publication 501 for each dependent you marked "YES" who is any of the following: (1) a same sex domestic partner, (2) a child that is your foster child, (3) a child that is under your legal guardianship, (4) a child age 19 – 26, (5) dependent child that is permanently and totally disabled, (6) a same sex domestic partner's child, (7) any child for whom you submit a notarized Dependent Child Certification Form.

CERTIFICATION: I certify that all information on this form is true and correct, and agree to provide any additional information the Trustees may request. *I understand that if I misstate or misrepresent any information on this form, my dependents and I may each lose eligibility for benefits under the ILWU-PMA Welfare Plan.*

Employee Signature: _____ Date: _____