

Domestic Partner Policy

Policy Statement: The purpose of this policy is to define “domestic partners” as it relates to eligibility for Fanatics Inc.’s (“Fanatics”) benefits programs. This policy also identifies the qualifications for Domestic Partner dependents and the process for enrolling, adding or deleting certain eligible dependents. Additionally, the document addresses any tax related impact to benefit coverage of domestic partners.

Scope: All US locations

Eligibility: All regular full-time employees who work 30 hours or more per week are eligible to enroll for domestic partner health benefits during open enrollment periods or within 30 days following their date of hire or a qualifying event.

Definition of Domestic Partner: For purposes of benefit eligibility, Fanatics defines same or opposite-sex domestic partners as two people who:

- Are living together in a committed exclusive relationship of mutual caring and support for a period of at least one year;
- Intend for the domestic partnership to be permanent;
- Are financially interdependent such that they are jointly responsible for the common welfare and financial obligations of the household, or the domestic partner is chiefly dependent upon the employee for care and financial assistance;
- Are neither legally married to any other individual, and if previously married, a legal divorce or annulment has been obtained or the former spouse is deceased;
- Are mentally competent to enter into a contract according to the laws of the state in which they reside;
- Are at least 18 years of age and are old enough to enter into marriage according to the laws of the state in which they reside;
- Other than (i) being of the same gender, and/or (ii) the domestic partners have chosen not to marry the domestic partners do not have a relationship that would bar marriage under applicable laws of the state in which they reside nor are there any facts in existence that would otherwise prohibit such parties from marriage; and
- Are not in a relationship solely for the purpose of obtaining benefits.

Domestic Partner’s Children: For purposes of benefit eligibility a dependent includes the domestic partner’s children, if the children otherwise meet all of the definitions of an eligible dependent. Eligible dependents include children up to age 26, who are:

- Biological children, including those who do not live with you, but for whom you have parental rights.
- Legally adopted children or a child placed with you for adoption if you are providing at least 50% of the child’s financial support.
- Stepchildren who live with you in a parent/child relationship at least 50% of the time and for whom you have financial responsibility as determined by tax laws.
- Disabled children for whom:
 - You provide at least 50% of financial support, and who are incapable of sustaining employment;
 - You submit application to the benefits administrator providing evidence of physical or mental incapacity, and your application is approved;
 - Application is made before the child’s 26th birthday and
 - You provide evidence when requested that your dependent continues to meet the criteria for approved disability.

- Other children living with you in a parent/child relationship including minor children of an eligible dependent, and for whom;
 - You have assumed legal responsibility; and
 - You provide at least 50% of their financial support.

Please note that the domestic partner's children may be considered the employee's dependents, based on some of the definitions above. If this is the case, the employee may enroll the dependents for the medical, dental and vision plans and use reimbursement accounts for their eligible expenses, all on a pre-tax basis.

If the employee's domestic partner's children do not otherwise meet the above definitions, they can still be covered. However, medical, dental and vision plan coverage for all children will be provided on an after-tax basis, and reimbursement accounts may not be used for the domestic partner's children's expenses. Read the Paying for Domestic Partner Benefits section for more tax information.

Benefit Plans and Domestic Partner Coverage: The same Fanatics benefits that are available to a married spouse are generally also available to a domestic partner -- with a few distinctions, as shown below:

- All Fanatics' medical coverage offerings will allow an employee to cover his/her domestic partner and the partner's children. This includes all medical plans (whichever plan is available to employee based on location), and dental plans if applicable.
- The vision plan offered will allow an employee to cover his/her domestic partner and the partner's children.

Please note that because of IRS regulations, Health Care and Dependent Care Flexible Spending Account reimbursements cannot be made for an employee's domestic partner's expenses or those of the partner's children (unless the children are also the employee's legal dependents).

Other Domestic Partner benefit program features and Human Resources policies also generally apply to a domestic partner the same way they apply to a married spouse, as shown below:

- Leaves and Absences
- Employee Assistance Program (EAP)
- Bereavement Leave

As an employee who is not married, he/she can name his/her domestic partner (or anyone he/she wishes) to receive benefits that may be payable in the event of the employee's death. Plans from which a benefit may be payable include:

- Life Insurance
- Accidental Death & Dismemberment (AD&D) insurance
- Retirement Investment Plan - 401(k)

Time off from work, as needed, for birth or adoption of a child, a serious health condition, death, etc., as it applies to members of the employee's household, includes his/her domestic partner and the partner's children.

The Fanatics' Employee Assistance Program is available to the employee's eligible dependents, including his/her domestic partner and the partner's children.

Paying for Domestic Partner Benefits: Fanatics contributes to the cost of providing benefits for a spouse and children, and the company’s contribution will be the same for the employee’s domestic partner and the partner’s children. That means the premium you pay for coverage will be the same as any employee. If covering a domestic partner, the employee may select coverage for:

- Employee and his/her domestic partner; or
- Employee and all eligible children including the employee’s children and/or his/her domestic partner’s children; or
- Employee and his/her domestic partner and all eligible children including the employee’s children and/or his/her domestic partner’s children.

The employee’s contributions for the employee’s own coverage and the coverage of the employee’s children will be on a pretax basis, the same as any other employee. However, because of IRS requirements, contributions for the domestic partner and the domestic partner’s children will be on a post-tax basis and the employee will be taxed on the value of benefits provided to a domestic partner and his or her children under the medical, dental and vision plans. The full cost of Fanatics Inc.’s share of your domestic partner coverage must be added to your income and taxed for any applicable federal, FICA, state, local or other payroll taxes. The value of coverage for the employee (and their children, if they are all eligible dependents) remains tax-free. The value of the company’s contribution will be added to the employee’s earnings and their W-2 will reflect that imputed income. Because of these tax issues, it is important to consider both the premiums and the additional taxes the employee will pay when he/she is evaluating the cost of covering a domestic partner.

The taxable contributions will display on your paystubs as both an earning and a deduction utilizing the description of “DP Imputed Inco”. The earnings line indicates the amount to be taxed while the deduction is required to ensure your net pay is accurate. These items do not impact your gross pay, just your taxable wages. A sample paystub is shown below.

Pay Details							
John Smith 8100 Nations Way Jacksonville, FL 32256 USA	Employee Number 000000000 SSN XXX-XX-XXXX Job Athlete Pay Rate \$15.00 Pay Frequency Biweekly	Pay Group Salaried Location Nations Way Division 101 - Branded Department 371857 - Sales Direct to Consumer Sub Dept 101 - Branded	Federal Income Tax S 0 FL State Income Tax (Residence) S 0 FL State Income Tax (Work) S 0				
Earnings							
Pay Type	Hours	Pay Rate	Current	YTD			
DP Imputed Inco			\$105.72	\$1,570.64			
GTL Income			\$6.46	\$77.52			
Regular Pay	80.0000	\$15.00	\$1,200.00	\$15,600.00			
Total Hours Worked 80.0000		Total Hours 80.0000					
Deductions							
Deduction	Based On	Pre-Tax	Employee		Employer		
			Current	YTD	Current	YTD	
Dental Pre-Tax	\$10.08	Yes	\$10.08	\$120.96	\$10.08	\$120.96	
DP Imputed Inco	\$0.00	No	\$105.72	\$1,570.64	\$0.00	\$0.00	
GTL Income	\$0.00	No	\$6.46	\$77.52	\$0.00	\$0.00	
Medical Pre-Tax	\$249.49	Yes	\$249.49	\$2,969.18	\$281.50	\$3,974.30	
Vision Pre-Tax	\$4.26	Yes	\$4.26	\$51.12	\$0.00	\$0.00	
Basic AD&D	\$0.00	No	\$0.00	\$0.00	\$1.77	\$21.24	
Basic EE Life	\$0.00	No	\$0.00	\$0.00	\$4.15	\$49.80	

Enrollment Process: To enroll a domestic partner for Fanatics' benefits, the employee should complete a Declaration of Domestic Partnership form. The employee should return the Declaration of Domestic Partnership to Human Resources. Once the employee's application for domestic partnership is approved, this will be considered a qualifying life event. No other special documentation of the employee's domestic partnership will be required, except upon request from Fanatics Inc.

Domestic Partnership Benefit elections that the employee makes during annual enrollment are generally effective throughout the following benefit plan year – July 1 to June 30. Because of the tax advantages made available through Fanatics Inc.'s benefits program, the IRS limits the employee's ability to make benefit coverage changes during the year. The employee can change certain benefits immediately during the year only if he/she experiences a qualifying life event. With regard to domestic partnership, the following are currently considered qualifying life events:

- Filing and approval of a Declaration of Domestic Partnership;
- Ending a domestic partnership by filing a Statement of Termination Notice of Domestic Partnership;
- Birth, adoption, or placement of a child with the employee for adoption (including employee's and/or his/her partner's)
- Loss of dependent child status;
- Change in domestic partner's employment status and/or benefit eligibility; and
- Death of a dependent, including a domestic partner.

Any change(s) on account of qualifying life events must be requested within 30 days of the date of the qualifying life event. Also, the change(s) must be consistent with the event