



Domestic Partner Coverage Guide

Effective January 1, 2022, Sleep Number offers medical, dental, vision and/or optional life benefits coverage to eligible domestic partners and/or the child(ren) of their domestic partner. This guide has been prepared to help team members understand the eligibility and tax rules that apply.

ELIGIBILITY

Definition of a Domestic Partner

Your domestic partner or civil union partner of the same or opposite sex that is currently registered as such with any governmental body, pursuant to state or local law; or Eligible domestic partners of the same or opposite sex who have a dedicated relationship characterized by all of the following:

- Both partners are at least 18 years old and mentally competent; Both intend the relationship to last indefinitely;
- Both share the same residence and have for at least six months; Neither partner is related by blood to a degree that would prohibit marriage in your state; and
- Neither is married under statutory or common law, legally separated, or in a partnership with anyone else, and neither has been in such a relationship for the last six months.

Eligible Children

Children of domestic partners are eligible for dependent coverage if they fall under at least one of the following categories.

- Children up to the end of the month in which they attain age 26.
- Children of any age who are totally and permanently disabled by age 26 and who are chiefly dependent upon the team member or domestic partner for support and maintenance.

TAX CONSEQUENCES

Enrolling your domestic partner and/or the child(ren) of your domestic partner in medical, dental, and/or vision coverage will affect your federal income and payroll taxes, and may also affect your state taxes.

The amount subject to taxation varies by plan and will appear on your pay statement as additional income or “imputed income”. In effect, this amount will increase the amount used to calculate how much you will pay in taxes. The taxable income will be reported on the W-2 form issued to you for the years in which your domestic partner coverage is provided.

Please note that this amount can be substantial, and we encourage you to consult with your financial planner/tax attorney.

The bi-weekly imputed income amounts are provided on the last page of this document.

ENROLLING YOUR DOMESTIC PARTNER OR THEIR CHILD(REN)

You may enroll your domestic partner and/or the child(ren) of your domestic partner during the open enrollment or through a qualifying life event, if they meet the eligibility requirements described in the section above titled “Definition of Domestic Partner” or “Eligible Children”. The enrollment process is completed within [Workday](#) by submitting a Benefit Event.

When entering your benefit elections, you have the option to enroll your domestic partner or their child(ren) by selecting **Add New Dependent** from the medical, dental, vision, and/or optional life sections.

From the Add Dependent screen, you will select **Create a Dependent** and then select Domestic Partner or Domestic Partner Child from the Relationship menu. You must complete the required fields before saving the new dependent. Upon saving the dependent, you may now enroll the dependent(s) in the applicable coverage(s).

Once you have completed the benefit event in Workday you will receive a Domestic Partner Affidavit in Workday, that must be completed within 30 days of receipt. If the affidavit is not completed within 30 days, we will remove the domestic partner coverages put in place through the benefit event.

For assistance with the enrollment process, please contact HumanResources@sleepnumber.com.



2022 Domestic Partner Imputed Income (Bi-Weekly Amounts)

| Coverage | Plan | Team Member + DP | Team Member + DP Child(ren) | Team Member + DP & DP Child(ren) |
|----------|--------------|------------------|-----------------------------|----------------------------------|
| Medical | Bind | \$271.68 | \$226.40 | \$452.81 |
| | BCBS HDHP | \$283.00 | \$235.84 | \$471.67 |
| | BCBS PPO | \$314.74 | \$262.28 | \$524.56 |
| Dental | Delta Dental | \$13.20 | \$20.52 | \$48.38 |
| Vision | UHC | \$1.91 | \$1.99 | \$5.26 |

The imputed income amount is taxable and will be reported on the W-2 form issued to you for the years in which your domestic partner coverage is provided. Please consult your financial advisor/tax attorney for guidance.

