

Progyny Benefits Tax Considerations

The following Progyny benefits under the ONEOK, Inc. Health Plan may be considered **taxable** to you:

- ✓ Fertility Preservation
- ✓ Donor Tissue Purchase
- ✓ Live Donor IVF Fresh and Freeze

If the benefits are taxable, the cost of the benefits is included in your gross income, subject to applicable tax withholding in the calendar year in which the benefits are received and is reported on your Form W-2. The cost of the benefits is added to your taxable wages for the payroll period as **imputed income** and tax withholding is calculated on the total and deducted from your cash compensation. To lessen the tax withholding burden, the cost of the benefits may be spread out over multiple payroll periods in the same calendar year.

Imputed income refers to the value of certain non-cash benefits provided to an employee that must be treated as taxable income by the IRS, even though the employee does not receive actual cash for them.

Example of Taxable Benefits Impact

- 1) We temporarily add the value of the benefit to your pay so that Workday can calculate the correct taxes.
- 2) Your taxes are calculated based on that higher amount.
- 3) Then we remove the added amount, so you're not actually paid the extra income – you're only taxed on it because the IRS treats the benefit as taxable.

	With Imputed Income	Without Imputed Income
Month Benefit Incurred / Reported	June	N/A
Amount of Imputed Income	\$10,000	N/A
Imputed Income Taxed Per Pay Period (\$10,000 / 13 remaining paychecks) (A)	\$769.23	N/A
Gross Pay Per Pay Period (B)	\$5,000	\$5,000
Amount of Taxable Income Per Pay Period (A + B)	\$5,769.23	\$5,000
Tax Withholding (assumed 36%)	\$2,077	\$1,800
Change in Tax Burden / Net Pay Per Pay Period	(\$276)	N/A

The example in the chart assumes the addition of the imputed income has not caused the employee to change tax brackets. It is possible that imputed income could result in the employee being bumped to the next tax bracket for the tax year that benefits are incurred.

This document has been prepared for general informational purposes only and is not intended to provide, and should not be relied on for, tax or legal advice. Additionally, this document does not address the tax consequences of every possible situation that could arise and makes certain assumptions, which are not guaranteed. Differences in the specific facts and circumstances of employees may cause tax consequences to vary and the tax consequences discussed above are subject to change. You should consult with a qualified tax adviser regarding the tax consequences before receiving the benefits described above.