



# How the Affordable Care Act affects YOU

July 2014

## Ways to lower your MAGI

- Increase your Business Expenses, i.e. buy that equipment that you really need.
- Decrease your income, i.e. postpone receipts until January 2015.
- Increase your Retirement Contributions.
- Increase your HSA Contributions.
- Max out your Cafeteria Plans.

## New forms needed for tax preparation

If you purchased insurance through the Exchange **Form 1095A**

If you are covered by insurance through your employer **Form 1095B**

If you are exempt for any reason from the requirement to get health insurance **Form 8965**

## Opportunities are out there! Don't procrastinate!

If you chose to receive the premium assistance for health insurance in advance, you may be faced with a problem.

If your 2014 income was higher than was estimated when determining your premium assistance, then when your 2014 return is prepared, you may end up having to pay it back.

Someone once said, Payback is a Beast. A beast we'd like to keep at bay.

We can help you! There are things we can legally do to decrease or eliminate the amount you would pay back.

If you have NOT received premium assistance in advance, AND have purchased health insurance, we may be able to increase or create a premium assistance credit in the form of a tax refund.

Because the premium assistance credit is based on income, by reducing your MAGI (Modified Adjusted Gross Income) you may be able to legally manipulate your income to benefit

the most from this credit. As always, it takes money to 'make money'. Your money is going out either way. The goal is to keep as much of it in **your** pockets for **your** use, as possible.



**It's eleven o'clock. Do you know what your MAGI is? Do you know what it WILL be?**

Timing is everything!! Nearly all opportunities will be lost by December 31, 2014. Please see us for tax planning no later than November!!

*Let's see—My taxable income + my non-taxable income + the income of others in my household - adjustments to income. Then divide that total by the federal poverty level for a family of my size. Then determine what insurance 'should' cost based on my zip code. Figure the percentage of household income to what insurance should cost divided by what it actually did cost. Then adjust for any amount of premium assistance already received. Equals - my premium assistance credit for 2014! Got it?*



### HOW TO FIGURE IT:

Since we've given some clues about how to reduce your MAGI, why do you need us?

Well, with the IRS nothing is ever as easy as it seems.

The premium assistance credit is not only based on your MAGI, but also the total

combined income of all members of your household.

So even if you have a slam dunk tax return with nothing but a 1040 and you paid for insurance yourself just to make sure you wouldn't have to pay anything back, there is still more needed to determine whether or not you will get the

credit and how much. Not only do we need more forms from you this year, but also we'll need to know how much your kids made. We will be happy to prepare their returns, or you can give us copies of them, but either way, we must know what they made—even if it's 'non-taxable' income.