

Answering Questions about Your Family's Income When Applying for Health Insurance



About this
fact sheet

You may be able to get financial help with paying for health insurance. The amount of help you get depends on your income and the size of your family. But estimating your income can be tricky. These questions can help guide you through the process.

1. What information do I need to provide about my income?

The application will ask you how much each person in your family expects to earn for the year that you and your family members will be enrolled in health insurance.

You may have to estimate what your income is likely to be in the coming year. To make this easier, the marketplace will ask the IRS about the income you reported on your last federal tax return. The application will then ask you to estimate whether your income will be the same for the year you will be enrolled in health insurance. If you do not know what your income will be, or if your income has changed, see question 6 on page 3.

Many people have incomes that change each year. Do the best you can to estimate your income. If you get more information about your income after you have applied, you can report those changes later.

If you have not filed taxes before, don't worry! You can still apply for insurance. The application will allow you to enter your income the way you get it: hourly, daily, weekly, bi-weekly, monthly, or annually. It will then calculate your estimated annual income and ask you to confirm that number.

In order to get financial help to lower the cost of health insurance, you will have to file taxes for the year you will be enrolled in health insurance. You do not have to file taxes to be eligible for Medicaid or the Children's Health Insurance Program (CHIP).

Who do I need to include as part of my family?

The people you need to list on the application are people who file taxes with you—your spouse, your children, and other people you support financially. If you don't file taxes, you should list your spouse and your children who live with you.

To learn more about who to list on your application, see Families USA's ***Answering Questions about Your Family When Applying for Health Insurance***.

**See the last page for a list of publications in this series.*

2. Do I need to provide income information for everyone in my family?

Yes. Financial help for marketplace health insurance is based on income and family size. So you will be asked for income information for each family member in your household and everyone you include on your federal taxes, even if you are not applying for insurance for all of those people.

3. Will I need to provide income information for my dependents?

Dependents are people you claim on your federal income taxes because you support them financially. If you have dependents who have their own income, and if those people make enough to be required to file taxes, you will need to report that income on your health insurance application too.

For 2013, a single dependent under age 65 was required to file taxes if he or she:

- earned at least \$6,100 from work OR
- had unearned income that was more than \$1,000 (unearned income is generally money you get from investments, unemployment insurance, or taxable Social Security income)

For more information about who can be claimed as a tax dependent, see Families USA's ***Providing Information about Your Family When Applying for Health Insurance***.

4. What types of income do I need to report?

Just like on your taxes, it matters what kind of income you have. You should report any income that you would include on your tax return. That includes these common types of income: money you earn at work, retirement income, unemployment insurance, or investment income. See the table on pages 5 and 6 for a complete list of the types of income that you should include and the types that you do not include.

5. Can I use the income number from my prior year's tax return for my estimate?

Yes, if you don't expect any changes in your income or in the income of the family members you listed on your last tax return. In that case, the Adjusted Gross Income you reported on your taxes (line 37 on tax form 1040) is a good estimate of your income.

If you had any of these types of income that you don't have to pay taxes on, you will need to add these to your Adjusted Gross Income to get the total income amount that you put on your application:

- **Social Security retirement and/or Social Security disability benefits:** If you get Social Security benefits, it is likely that the full amount of these benefits was not included in your taxable income. Include the full amount reported on line 20a of tax form 1040 (rather than the taxable amount reported on line 20b) on your health insurance application.
- **Tax-exempt interest income** (line 8b on tax form 1040)
- **Income earned in a foreign country** (reported on tax form 2555)

6. What if I don't know how much money I will make in the coming year?

Many people do not know how much they will make in the coming year because they are self-employed, work on contract or on commission, are employed hourly or seasonally, or are between jobs.

If you fall into one of these groups, do the best you can to estimate your income for the coming year. If you can, use your tax return from a prior year to help you estimate.

You can also list your income for the month you are applying and report changes later if your income goes up or down. When you are estimating your current monthly income, include the amounts you get for each type of income that should be reported (see the table on page 5).

If your income for the month in which you are applying is much lower than it will be for the rest of the year (because you are unemployed or have seasonal work, for example), you or members of your family may be able to get Medicaid or CHIP for the months in which you have less income and enroll in a marketplace plan with financial help for the months in which you have more income.

Do your best to estimate your income, and report changes as soon as you can.

MORE INFORMATION



If you have tax questions, you can get help by calling the **Internal Revenue Service (IRS)** at 800-829-1040 (TTY/TDD users call 800-829-4059). In addition, **Volunteer Income Tax Assistance (VITA)** programs provide free tax preparation in many communities. Call 800-906-9887 to find the VITA location closest to you.

7. What if my income changes during the year?

It is important to report any changes to the marketplace as soon as possible. Reporting changes in income when they happen will make sure that you are receiving the right amount of financial help.

Some changes in income could affect the amount of financial help you can get.

Financial help for marketplace insurance is provided to your insurance company in advance each month to lower your insurance premium.

At the end of the year, you report your income to the IRS when you file your taxes.

The IRS checks to see how much financial help you should have gotten for the year based on your *actual* income. If you earned more money than you put on your application, and if you did not report that change, you will have to pay back part or all of the financial help you got. If you ended up earning less than you put on your application, the IRS will give money back to you on your taxes.

Some changes in income could affect what kind of coverage you have.

If your income changes a lot, or if your income is already very close to the limit for financial help, then you may get a “special enrollment period” that gives you 60 days to change your health insurance when you report a change in income.

Note: This fact sheet provides general information and is not intended as advice for individual taxpayers.

Worksheet: What income should I list on my health insurance application?

Income You Should Include	Amount
Wages (gross income before taxes), tips, bonuses, back pay	\$
Self-employment or business income (profit or loss after deductions)	\$
All Social Security retirement and/or Social Security disability benefits	\$
Pensions and other retirement income (including IRA and annuity distributions)	\$
Unemployment insurance	\$
Educational scholarships used to pay for room, board, and other living expenses	\$
Educational scholarships used to pay for tuition and required fees, books, supplies, and equipment—if you choose to report scholarship income in order to qualify for education tax credits	\$
Capital gains (profits or losses from stocks)	\$
Investment income (interest earned on an account)	\$
Rental or royalty income	\$
Farming or fishing income	\$
Alimony received	\$
Taxable interest or dividends (usually, interest you get from bank accounts, bonds, or other shared accounts)	\$
Tax-exempt interest (usually, interest that is paid on a bond)	\$
Taxable refunds, credits, or offsets of state and local income taxes (if you itemized, or if you chose to deduct state or local income taxes instead of general sales taxes)	\$
Income earned overseas	\$
Other income (such as gambling prizes or awards)	\$
Total Income You Should Include	\$

(continued)

Income You Should Not Include	Amount
Supplemental Security Income (SSI)	\$
Child support received (child support counts as income for the payer)	\$
Workers' compensation	\$
Temporary Assistance for Needy Families (TANF) and other government cash assistance	\$
Supplemental Nutrition Assistance Program funds (SNAP, formerly known as food stamps)	\$
Veterans' benefits	\$
Inheritance	\$
Payments from an insurance settlement	\$
Payments from a state, political subdivision, or foster care agency for providing care to foster children (unless you care for more than 5 individuals age 19 or older or 10 individuals under age 19)	\$
Federal tax credits and federal income tax refunds	\$
Gifts and loans	\$
<p data-bbox="181 1144 591 1176">Income you deduct on your taxes:</p> <ul data-bbox="219 1192 1110 1837" style="list-style-type: none"> <li data-bbox="219 1192 678 1224">• Student loan interest: \$ _____ <li data-bbox="219 1241 618 1272">• Tuition and fees: \$ _____ <li data-bbox="219 1289 1110 1388">• Educational scholarships used to pay for tuition and required fees, books, supplies, and equipment—if you <i>do not</i> choose to report scholarship income in order to qualify for educational tax credits: \$ _____ <li data-bbox="219 1404 662 1436">• Educator expenses: \$ _____ <li data-bbox="219 1453 873 1484">• Contributions to a retirement account: \$ _____ <li data-bbox="219 1501 922 1533">• Moving expenses related to a job change: \$ _____ <li data-bbox="219 1549 906 1581">• Penalties on early withdrawal of savings: \$ _____ <li data-bbox="219 1598 922 1629">• Contributions to a health savings account: \$ _____ <li data-bbox="219 1646 586 1677">• Alimony paid: \$ _____ <li data-bbox="219 1694 906 1726">• Costs for domestic production activities: \$ _____ <li data-bbox="219 1743 967 1793">• Certain business expenses for reservists, performing artists, and fee-based government officials: \$ _____ <li data-bbox="219 1810 846 1841">• Certain self-employment expenses: \$ _____ 	\$
Total Income You Should Not Include	\$

(continued)

Calculate your total annual income to put on your health insurance application

Total Income You Should Include	—	Total Income You Should Not Include	=	Total Annual Income
\$		\$		\$

The *What You Need to Know about Health Insurance* series:

▼ **Applying for Health Insurance**

Answering Questions about Your Family When Applying for Health Insurance

Answering Questions about Your Family's Income When Applying for Health Insurance

Applying for a Marketplace Plan if You Can Get Health Insurance through Your Job

What to Do if You Are Uninsured after March 31, 2014

Getting Financial Assistance

Choosing a Health Plan

Keeping and Using Health Insurance

Understanding the Requirement to Have Health Insurance

Reference Charts and Graphics

The complete *What You Need to Know about Health Insurance* series is available online at www.FamiliesUSA.org/enrollment-factsheets.

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