



# SUBSIDY GUIDE

Looking for an insurance plan for 2018? It's possible that you qualify for a subsidy via the Affordable Care Act.

Read on to find out if you qualify! And if you do, all you have to do is choose a plan via the Freelancers Union platform, go through the enrollment process and your subsidy will apply. If you have any trouble, we recommend calling the carrier to determine the status of your subsidy.

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## WHAT'S A SUBSIDY?

A subsidy is financial assistance for buying health insurance on the Health Insurance Marketplace (also known as the exchange, or "Obamacare").

In other words, your subsidy helps pay for some of your monthly health insurance costs.

Here are 3 things that determine if you are eligible:

- How much health insurance costs where you live
- What your income will be in 2018
- Your household size

There are a number of third-party websites that can help you figure out if you qualify for a subsidy. Try using the calculator at the [Kaiser Family Foundation](#) to find out if you qualify for a subsidy.

Generally, you can make up to 400% the federal poverty level in order to qualify for the advance premium tax credit. For an individual, this is around \$46,000. For a family of four, that's around \$95,000. If you make less than this, you will probably be eligible for a subsidy!

## I QUALIFY FOR A SUBSIDY. WHAT NOW?

You can apply your subsidy in different ways:

If you buy health insurance using the advance premium tax credit, you can apply the credit directly to the health plan in which you enroll.

There are three different ways you can use the advance premium tax credit:

- You can apply the advance premium tax credit equally throughout the entire year, so that your monthly premiums for your health insurance are lower
- You can choose to get the entire advance premium tax credit back as part of a tax return at the end of the year
- You can use only some of your credit during the year and get some of it back in a tax return at the end of the year

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**Please note:**  
In order to receive your subsidy, you must choose a health plan by December 15th, 2017.

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Consumers Union has a very good guide on how to estimate your self-employment income

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Depending on where you live, Freelancers Union may be able to help you apply a subsidy towards a plan. Search on our [Health Benefits Platform](#) to see which plans are available through Freelancers Union in your area.

**OK, BUT ESTIMATING MY INCOME IS... IMPOSSIBLE.**

For many freelancers, income can vary each year, and you never know how much you're going to make... until you actually make it. Honestly, the subsidy process probably wasn't designed with freelancers in mind.

For most people, that "estimated income" number (which you may see listed as "MAGI"), will be the same as the Adjusted Gross Income (AGI) reported on your federal tax return (Line 37 on Form 1040, Line 4 on Form 1040-EZ, and Line 21 on Form 1040A). If you expect to make about the same in 2018, you may want to use that number.

But if you expect to make more or less this year, the government expects you to make your best educated guess. Yup, guess. You may want to start with your 2016 AGI and add or subtract to come to the right number.

**WHAT IF I ESTIMATE WRONG?**

The good thing to know is that if you estimate either too high or too low, you're not going to "get in trouble". The government will try to match your estimated income to your tax statements, but they're focused on catching big errors, like a person who makes \$150,000 a year and but says they're unemployed.

If you estimate too low, you will receive the rest of your premium tax credit as a credit on your tax return and may receive a tax refund.

If you estimate too high, you may be required to pay back some of your subsidy to the government. This would be charged directly to your end-of-year taxes (or be subtracted from your tax return).

If this seems like a huge headache and you can afford to do so, it might be a good idea to receive your subsidy as a tax credit at the end of the year, rather than applying it to your monthly premium.

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## **WHAT IF THE GOVERNMENT ASKS ME FOR PROOF OF INCOME?**

When you're applying for a subsidy, if you give an amount lower than your 2016 AGI, you may be required to submit additional documentation proving your lower income for 2017.

Here are some acceptable forms of documentation for freelancers (from Consumers Union):

- Most recent 1099-MISC
- Most recent quarterly or year-to-date profit and loss statement
- Bookkeeping records or a self-prepared ledger that shows income and deductible expenses
- Bank statement showing deposits and expenses from your business

## **WHAT HAPPENS IF I DON'T QUALIFY FOR A SUBSIDY?**

To see what plans are available through Freelancers Union, search by state on our [platform](#). When you buy through us, a portion of your purchase goes back to the independent workforce, at no additional cost to you.

We fight for better policies for freelancers every day - and now, more than ever, it's important that we stand together to ensure that the next system works for us.

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Buying health insurance doesn't have to suck. Buy insurance from people who have your back at <https://freelancersunion.org/benefits>