

Are You Leaving Money on the Table?

Take action before Tax Day to save!

Did you have Vermont Health Connect insurance in 2017? Small changes in your income can make a big difference in your premium tax credit (PTC). If your income is just \$1 over the limit, you are not eligible for a premium tax credit. Crossing this eligibility threshold also means there is no limit on the subsidies you have to repay if Vermont Health Connect gave you too much.

The good news is you might still be able to qualify for a tax break.

Example: Melanie is single with no dependents. Her 2017 income was \$48,000. That's \$480 over the income limit for a premium tax credit. Melanie will have to pay back any advance premium tax credits (subsidy) she got from Vermont Health Connect.

Solution: If Melanie contributes \$480 for 2017 to a traditional IRA, her income is \$47,520. She now qualifies for the premium tax credit of \$1,296 on her tax return! That's a net gain of over \$800. In addition, she now has increased her retirement savings by \$480. Melanie has until April 17, 2018 to make the contribution.

To lower your 2017 income you may be able to:

- Contribute to a traditional individual retirement account (IRA)
- Contribute to a Health Savings Account (HSA)

You may have more options for 2018 or future years, like contributing to an employer-sponsored retirement account, for example a 401(k).

If your income is just above the limit, there are potential tax savings for you!		
Family Makeup	Income Limit	Potential Tax Savings
Individual	\$47,520	\$1,296
Couple	\$64,080	\$5,592
Family of Four	\$97,200	\$7,163

Get personal advice before you act!

The IRS has detailed rules for IRAs, 401(k)s, and HSA contributions. This is general information only. Talk to a tax professional to make sure you qualify to lower your income in this way. Also, make sure you understand the restrictions on taking money out of the account later.



Contact the Office of the Health Care Advocate: **1-800-917-7787** or www.vtlawhelp.org/health

We are not tax preparers and cannot give advice on most tax questions.