

Affordable Care Act: What is Modified Adjusted Gross Income (MAGI)?

MAGI starts with your adjusted gross income (AGI)

The following are sources of income and adjustments that you would report on your federal 1040 tax form:

Taxable Income	Adjustments
<ul style="list-style-type: none"> • Wages, salary and tips Note: excludes pre-tax deductions for childcare, health insurance, retirement plans, transportation assistance and other non-taxable benefits • Interest • Dividends • Taxable refunds, credits or offsets of state and local income taxes • Alimony received • Business income or losses • Capital gains or losses • Other gains or losses • Individual retirement account (IRA) distributions • Pension and annuity payments • Income or losses from rental real estate, royalties, partnerships, S corporations, trusts, etc. • Farm income or losses • Unemployment compensation • Social Security retirement and disability benefits (RSDI and SSDI) • Other Income <p>Note: AGI does not include Supplemental Security Income (SSI), child support, veteran's payments or worker's compensation</p>	<ul style="list-style-type: none"> • Educator expenses • Certain business expenses of reservists, performing artists and fee-basis government officials • Health savings account • Moving expenses • Deductible portion of self-employment tax • Self-employed Simplified Employee Pension (SEP), Savings Incentive Match Plan for Employees (SIMPLE) and qualified plans • Self-employed health insurance • Penalty on early withdrawal of savings • Alimony paid (spousal support) • IRA deduction • Student loan interest • Tuition and fees • Domestic production activities

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Add certain nontaxable income (AGI + modifications = MAGI)

The following sources of nontaxable income must be added to a person's AGI to calculate their MAGI:

Counted nontaxable income
<ul style="list-style-type: none"> • Non-taxable Social Security benefits (line 20a minus 20b on form 1040) • Tax exempt interest (line 8b on form 1040) • Foreign earned income and foreign housing expenses for Americans living abroad (IRS form 2555)

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Excluded from income for Medical Assistance eligibility only

The following sources of income are excluded when determining eligibility for MA:

Excluded from income for MA only
<ul style="list-style-type: none"> • Scholarships, awards or fellowship grants used for education purposes and not for living expenses • Certain American Indian and Alaska Native income derived from distributions, payments, ownership interests, real property usage rights and student financial assistance • An amount received as a lump sum is counted as income only in the month received