

Special Report

7 Costly Mistakes Most Taxpayers Will Make Related To ObamaCare ... And How To Avoid Them BEFORE Filing Your Tax Return!

*****CONSUMER WARNING FOR
TAXPAYER*****

Because of the Federal Government's continuous
changes in Obamacare, the following Special Report
will NOT be in its most Up-To-Date form.

Enclosed you will find 7 Common Mistakes Taxpayers
are making in general.

For detailed advice for you specific tax filing situation,
please contact the following Healthcare Tax
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7 Costly Obamacare Mistakes

Most Taxpayers Will Make ...

1. If you can't get over your anger about Obamacare you will end up losing money, and having a bunch of hassles.

The polling data on the Affordable Care Act is clear: the majority of people don't like this law. You may fit in this group and think it's an overreaching set of rules and regulations. You may not like the government messing around with how you receive health care. You may just be opposed to President Obama in general. But as your tax advisor I'm here to tell you that if you fixate on your anger (**rather than understanding this law**) it's going to cost you financially, and present a lot of headaches. I know you may be "philosophically" opposed to Obamacare, but does that mean you are going to stick your head-in-the-sand and simply ignore it? Most people I talk with who hate these new regulations aren't big fans of our current tax-code either. But they make sure to take full-advantage of IRS provisions that help them save them money on April 15. I'm arguing that you need to take the same approach to the Affordable Care Act. You may hate that it passed Congress and survived the Supreme Court review. But at least for now, it's the law of the land. Let us help you avoid the traps this legislation presents and ensure that you are not financially penalized because of not understanding its impact. If you want to continue to fight against Obamacare, that's fine. But at the same time ensure all these new rules and regulations don't "bite back."

2. The "Individual Mandate" gets all the press but it's the Premium Tax Credit you really need to understand.

Most clients we speak with understand that Obamacare imposes a requirement for most Americans to have some type of health insurance. This is what's known as the "Individual Mandate", and is going into effect on January 1. What most of our clients DON'T understand is the complicated new program the government has designed to help pay for this new coverage. Those drafting the legislation knew there was no way that people without health insurance could afford to pay for it. So just adding the requirement didn't make any sense. There had to be a "sweetener." And for ACA this is known as the "Premium Tax Credit." While it's not the most useful title it can provide significant financial benefit to some families. Depending on the overall cost of your health insurance policy, the size of your family, and your income, this credit could be worth more than \$12,000 annually. Unlike most tax credits this one is available to a wide range of earners. In fact, if you have a large family, you can make more than \$100,000 and still receive some portion of the credit. Another unusual aspect of the Premium Tax Credit is that it is "advanceable" (a new word from the IRS!). This simply means that the credit will be paid before you actually earn it. The government is trusting you to calculate the amount properly (more on this topic later). Once you complete your application the Treasury Department will cut a check monthly to your insurance company on your behalf. This obviously is a great advantage over other aspects of tax policy. The government is willing to cover the cost of your insurance, and pay those charges ahead of the game. It's like having a financially generous uncle willing to help in your time of need. Of course many Americans will miss-out on this opportunity because they simply won't understand the rules. They'll not understand that their insurance can be paid by the government in advance of actually reconciling the credit.

3. The credits for ACA are huge, but if you don't pay close attention you will end up with a hefty tax bill.

One of the huge challenges with the Premium Tax Credit is that the IRS hasn't figured-out how taxpayers are going to report and reconcile the money they receive. So the average consumer is heading into the process "blind"; not really knowing how it will all work out. As discussed earlier, there are significant tax credits available. But if you miscalculate you could get stuck with a sizable bill from the IRS. Many consumers will opt-out because of fear of the IRS and let these credits go to waste. But doing so will leave a huge amount of money on the table. It's essential that you work with someone who understands these tricky rules, and is committed to keeping-up with the latest news and information. Never before in history has such a huge program unfolded...with so little real understanding of how the practical aspects will work. One of the most unusual parts of the Premium Tax

Credit is that there are limitations on how much the IRS can ask you to pay back, but only if your income is below a certain level. Let's say you are married with two kids, and you receive the Premium Tax Credit to pay for a portion of your health insurance. If your income ends up being \$94,200 or less...the maximum you will have to repay is \$2,500 (and perhaps as little as \$600). But if you end up exceeding this income level (say a year-end bonus) you will have the full responsibility of whatever you owe. Most people don't understand these complex rules, and definitely aren't monitoring their income to make sure they don't exceed the threshold amount.

4. While Obamacare is a federal law it's crucial to understand rules that apply to your state.

A very confusing aspect of the Affordable Care Act is the fact that there are rules that apply nationally, but also variations that affect residents of particular states. So in order to understand Obamacare you need to be carefully aware of the differences from state to state. For example, the actual amount of Premium Tax Credit you receive is significantly affected by the cost of insurance in the locality where you reside. In order to grasp the dollar benefit of the credit, you need to understand the underlying costs. Another example of state-specific regulations is the area of who is allowed to help and assist you with Obamacare. While the law originally expected a broad education program in reality a number of states have passed specific legislation on this topic. Some of these laws relate to who in the government can provide information on the laws, while others are linked to the actual sale of health insurance. A final way in which there are state-to-state variations is on the topic of how lower-income residents are treated. A major concept behind the ACA was the idea of expanding Medicaid cover to 138% of the Federal Poverty Level. This would have ensured that those with smaller incomes would have their insurance paid entirely by the government. However this is the one area of Obamacare that was invalidated by the Supreme Court. The plan under ACA was to require states to have universal eligibility rules. After doing so the federal government would pay 100% of the cost for three years, and then 90% after that point. The Supreme Court ruled this was "overreaching" and denied the requirement. As a result each state can decide on Medicaid regulations. As a result you have some states such as Alabama that only provide Medicaid for those below 23% of the Federal Poverty Level [FPL] (roughly \$5,500 for a family of four); while others are as high as 200% (around \$47,000 for a family of four). The Premium Tax Credit is only available for those with 100% of Federal Poverty Level. So in states that didn't expand Medicaid those below this level will receive no government assistance at all. Talk about confusing! That's why it's critical that

you are fully aware of your state-specific rules, or you have an advisor who can help you make through these landmines.

5. Many tax breaks have been canceled because of Obamacare, but most people won't realize the changes...until they get an invoice from the IRS.

Most of the emphasis with the ACA is on the benefits some will be receiving, and the fact that everyone will be required to have some form of health insurance (or pay). What is not getting as much attention is how the government plans to fund this whole endeavor. Because it's obviously going to cost A LOT of money to provide insurance to so many previously uncovered people. Obamacare will be paid for by a number of new taxes. Some of these are directed at businesses, but many others are levied on the back of individuals. Nobody likes new taxes. But what's even worse is that these taxes have gotten so little attention, many taxpayers will be shocked when they file their next tax return. It's not like the IRS sends out notices when new rules are implemented. They expect you to keep up with the news, or pay the price. These new taxes include additional Medicare Taxes, a new Net Investment Income Tax, changes to the deductibility of itemized expenses, and a whole list of changes to "tax advantaged health plans" (including Flexible Spending Arrangements, Medical Savings Accounts, etc.). Obviously we can't cover all these new rules in this guide, but it's critical that you do the research to understand them (or find someone who does).

6. The young and old are treated very differently under the ACA. To maximize your benefits you need to understand the differences.

Most people don't understand the significant benefits and penalties that Obamacare applies to people based on their age. It's certainly not covered in the press. But the reality is that there are true "winners" and "losers" with ACA...and one of the separating points is the age of the person. This runs from the cost of insurance under ACA, to the amount of the premium tax credit received, to other special allowances that are available. For example, there are new laws regarding the "spread" of premium charges between the youngest and oldest participants in a plan. With Obamacare there are a number of opportunities for people to maximize their benefits, and pitfalls to avoid. You need to understand the impact of age and related factors in order to successfully navigate the law.

7. Very few people truly understand the entirety of the law. You must find an advisor that has the full picture.

One review of Obamacare finds that its rules and regulations total 2,163,744 words. There are so many different sets of codes, procedures, statements of technical guidance, and the like, that most observers can't actually even agree on the length. The reality is that NOBODY is going to understand every line. But at the same one time of the dangers of the ACA is that many people will think they "get it" when in fact they don't. That's in part because Obamacare touches so many different topics (insurance regulations, IRS code, Medicaid, Medicare, etc.). In order to figure out how to make the best ACA decisions for your family you must find someone who has a broad grasp of the law. Do not trust just anyone with the impact of these important decision.

To set up your Free Consultation with a
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Thank You!

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