



Federal Poverty Level Safe Harbor

The Federal Poverty Level (FPL) safe harbor determines coverage as affordable if the premium does not exceed 9.5% of the FPL for a single individual. The 2014 FPL is \$11,670 and is used for calculating affordability for 2015 coverage.

Multiplying the FPL by 9.5% (\$11,670 x .095) results in \$1,108.65, which would be the employee's annual cost for their insurance premium. Then, dividing by 12 produces a monthly premium of \$92.39. This safe harbor produces the same insurance deduction amount for all employees.

To start, select **Deductions** from the Maintenance menu in Payroll. Click **Add** to add a new deduction.

Choose whether or not a deduction continues to be taken even if the employee doesn't work in a pay period, e.g., health insurance.

Complete the following parameters to set up the deduction:

- Deduction Name:** You can name this deduction anything you want.
- Abbreviation:** You can use any abbreviation you would like, but keep in mind this abbreviation will show on the employee pay stubs and reports. You'll want to use an abbreviation that makes sense to you and can be distinguished from other deductions you may have.
- Status:** Select **Active**.
- Deduction Type:** Select **Healthcare – Employee Share**. This ensures the amounts are accumulated and correctly reported on the employee's W-2.
- Deduction Method:** Select **Deduct amount each pay run**. This allows you to specify a deduction amount to be withheld each pay run.
- Pay Run Limit** **None**. Since you calculated the deduction based on the employee's average monthly wages, there is no need to set a pay run limit.
- Overall Limit** **No Limit – deduct forever**. Since you calculated the deduction based on the employee's average monthly wages, there is no need to set an overall limit.

You'll want to check the "Add deduction amount to arrears if the employee does not work" box. This will ensure that any insurance premiums missed due to the employee not working will be caught up.

Now, scroll down to set up a few more options, including the arrears reduction method you want to use, the store and account to post this deduction to, and the tax impact of this deduction and the W-2 impact for this deduction.

Once you have all these fields set up, you are ready to start using this new deduction.