

MAGI Deductions Guide 2024

Deductions are only allowable for MAGI-based eligibility when they belong to someone in the medical assistance unit.

Deductions are annualized through an individual's certification period.

Verification of deductions should always be requested when:

1. Income verification is being requested; or
2. If the deduction affects eligibility and:
 - a. Has a maximum amount and the attested amount exceeds that limit; or
 - b. Has a variable amount and the attested amount is questionable.

Deduction Type	Explanation of Allowable Deductions	Maximum Amount	Types of Verification
Student Loan Interest	<p>Deduction for interest paid on student loans. Loans must have been used for qualifying educational expenses while attending an educational institution. Principle payments are not deductible.</p> <p>The loan payments must be for the individual, their spouse, or their tax dependents (for tax filers) or their children in the household (for non-filers).</p>	<p>\$2500/year</p> <p>\$208.33/month</p>	<p>IRS 1040 Schedule 1 Line 21 or IRS 1040A</p> <p>IRS Form 1098-E</p> <p>Statement from the lender showing interest amount paid</p>
Moving Expenses for members of the Armed Forces	<p>Deductions for members of the Armed Forces on active duty and due to a permanent military order move.</p>	<p>Variable</p>	<p>IRS Form 1040 Schedule 1 line 14 and Form 3903</p> <p>Receipts of moving expenses since January of the current year; statement of previous address; verification of current employment</p>
Spousal Support/Alimony	<p>Deduction for court ordered spousal support/alimony with a court order date prior to 1/1/2019. Does not include voluntary alimony payments or child support payments. Divorce or separation may have an effect on taxes Internal Revenue Service (irs.gov)</p>	<p>Variable</p>	<p>IRS Form 1040 Schedule 1 Line 19abc</p> <p>Court order with obligation amount prior to 1/1/2019</p>

Deduction Type	Explanation of Allowable Deductions	Maximum Amount	Types of Verification
Health Savings Account	Deductions for contributions made to a pre-tax or tax deductible health savings account designated for medical related expenses. Spouses can have family accounts or individual accounts for themselves. Dependents are covered under their primary tax filer's family accounts.	Individual \$4,150/year or \$345.83/month Family \$ 8,300/year or \$691.67 /month Add an additional \$1,000/year contribution if the individual is age 55 or older	Pre-tax: monthly amounts listed on wage stubs IRS Form 1040 Schedule 1 Line 13 IRS Tax Form 8889
IRA (Individual Retirement Account)	Deduction for contributions made to a pre-tax retirement account. Excludes the following contributions: <ul style="list-style-type: none"> • Roth IRA - contributions are after-tax and are not deductible as taxes are paid up front. • SIMPLE IRA - contributions are made pre-tax and thus, not deductible 	Age 49 or below \$7,000/year or \$583.33/month per individual. Age 50 or older \$8,000/year or \$666.67/month per individual	IRS Form W-2 Wage stubs IRS Form 1040 Schedule 1 Line 20 IRS Tax Form 5498
Self-Employment Tax	Deduction for tax paid to the federal government to fund Medicare and Social Security for self-employed individuals who net more than \$400 per year or employees of churches or church organizations with income of more than \$108.28 per year.	Variable	IRS Form 1040 Schedule 1 Line 15 Monthly or quarterly statement or receipt
Self-Employment Retirement Plan	Deduction for contributions made to a self-employment retirement plan including SEP, Simple, or Qualified Plan	Variable	IRS Form 1040 Schedule 1 Line 16
Self-Employment Health Insurance	Deduction for contributions made to self-employment health insurance plans.	Variable	IRS Form 1040 Schedule 1 Line 17 Monthly statements or receipts

Educator Expenses	<p>Deduction for expenses for unreimbursed educator expenses (e.g. books, supplies, and other equipment).</p> <p>The individual must be a licensed educator (teaching K-12 and works 900+ hours per school year).</p>	<p>\$300/year per educator</p> <p>\$25/month per educator</p>	<p>IRS Form 1040 Schedule 1 Line 11</p> <p>Receipts showing amounts paid out of pocket for qualifying supplies</p>
Penalty on Early Withdrawal of Savings	<p>Deduction for penalty on withdrawal of funds from a certificate of deposit or other deferred interest account before maturity.</p>	<p>Variable</p>	<p>IRS Form 1040 Schedule 1 Line 18</p> <p>IRS Form 1099-INT</p> <p>Statement from financial institution</p>
Certain Claimable Business Expenses of U.S. Reservists, Performing Artists, and Fee-Based Government Officials	<p>Deduction for U.S. reservists, performing artists, or fee-based government employees who have expenses necessary for their job, including travel of more than 100 miles.</p>	<p>Variable</p>	<p>IRS Form 1040 Schedule 1 Line 12</p> <p>IRS Form 2106</p> <p>Receipts showing allowable expenses</p>