

Income Calculation and Determination

Adjusted Income Exercise

Instructions: Based on the information about the Mark household, complete the worksheet on this and the next page to determine its adjusted income figure. What documentation would you require?

Household Member	Position in Family	Age	Income	Expenses

1. Enter Annual Income.
2. Enter the number of family members (excluding head or spouse) under 18, disabled, or full-time students.
3. Multiply line 2 by \$480. This is the dependent deduction.
4. If a family member is enabled to work or further their education as a result of child care expenses, enter the unreimbursed annual child care expenses (reasonable child care expenses for children age 12 and under).
5. If the family member was enabled to work as a result of the child care expenses, enter that family member's annual employment income.
6. If an amount is reported in Line 5, enter the lesser of Lines 4 or 5. Otherwise, enter the amount in Line 4.
7. If the household qualifies as an elderly and/or disabled household, enter \$400. This is the elderly/disabled household deduction. Otherwise, enter 0.
8. Add Lines 3, 6, and 7.
9. *If the household has no unreimbursed disability assistance or medical expenses*, subtract Line 8 from Line 1. This is **Adjusted Income** for a household *without* these expenses. Otherwise, proceed to line 10.

	1.
2.	
	3.
4.	
5.	
	6.
	7.
8.	
	9.

**FILL IN LINES 10 THROUGH 20 IF THE FAMILY HAS
 UNREIMBURSED DISABILITY ASSISTANCE OR
 MEDICAL EXPENSES**



Over

10. Enter <u>unreimbursed</u> annual disability assistance expenses	10.	
11. Enter the annual <u>earned income</u> of the family member enabled to work as a result of unreimbursed disability assistance expenses.	11.	
12. Enter the lesser of Lines 10 or 11.	12.	
13. Enter <u>unreimbursed</u> annual medical expenses.	13.	
14. Add Lines 12 and 13.	14.	
15. Multiply Line 1 by 0.03.	15.	
16. Subtract Line 15 from Line 12. If negative, enter 0.		16.
17. Subtract Line 15 from Line 13. If negative, enter 0.		17.
18. Subtract Line 15 from Line 14. If negative, enter 0.		18.
19a. If the household reported <u>only</u> unreimbursed disability expenses but <u>no</u> unreimbursed medical expenses, add Lines 8 and 16.	19a.	
19b. If the household reported <u>only</u> unreimbursed medical expenses but <u>no</u> unreimbursed disability expenses, add Lines 8 and 17.	19b.	
19c. If the household reported <u>both</u> unreimbursed disability expenses <u>and</u> unreimbursed medical expenses, add Lines 8 and 18.	19c.	
20. Subtract either Line 19a, 19b, or 19c from Line 1. This is Adjusted Income for this household <i>with</i> these expenses.		20.