



Countable and Non-Countable Income for Modified Adjusted Gross Income

This table lists the types of countable and non-countable income used to calculate Modified Adjusted Gross Income (MAGI). **Annual MAGI** is used to determine the eligibility for premium tax credits when purchasing a Qualified Health Plan (QHP), while **monthly MAGI** is used for Medicaid and Kentucky Children’s Health Insurance Program (KCHIP) eligibility. *(The income of dependents should only be counted if the dependent is required to file taxes.)*

Countable Income	Non-Countable Income
<ul style="list-style-type: none"> • Wages, salaries, tips, bonuses, awards • Income derived from gifts/inheritances • Interest income (taxable and non-taxable) • Farm income • Ordinary dividends • Alimony received/Spousal support⁶ • Business income • Capital gains • IRA distributions • Pensions and annuities • Unemployment compensation • Taxable <u>and</u> non-taxable Social Security benefits, includes Retirement, Survivors, and Disability Insurance (RSDI) and Social Security Disability Insurance (SSDI) • Railroad retirement • Gambling winnings⁵ • Jury duty payments⁵ • Foreign earned income • Rental income • Lump sum income (Retro Social Security/Railroad Retirement)⁵ • Royalties • State agency payments received for child care • Waiver payments issued to individual care providers received for a non-household member (related or unrelated) • Oil leases/mineral rights • Partnerships/S-Corporations • Any remaining portion of a lump sum payment awarded for wrongful death, personal injury, damages, or loss of property not excluded for tax purposes^{4,5} • Trust income (as reported on 1040, line 17) • Other income included on 1040, line 21 	<ul style="list-style-type: none"> • Supplemental Security Income (SSI) benefits • Social security benefits of dependents^{1,2} • Kentucky Transitional Assistance Program (KTAP) benefits [referred to as Temporary Assistance for Needy Families (TANF) on the federal level] • Veteran’s disability benefits • Veteran’s pension benefits • Veteran’s education benefits • Military allowances • Employer reimbursement for mileage, meals, etc. • Earned income tax credits • Worker’s compensation • Employer contributions to certain pretax benefits funded by an employee’s elective salary reduction, such as amounts for a flexible spending account or contributions to a retirement account • Pre-tax fringe benefits provided by an employer • Child support received • Foster care and adoption assistance payments • Education scholarships, awards, fellowship grants³ • Loans • Federal Work Study income • Wages of minors² • Gifts and inheritances • Waiver payments issued to individual care providers received for a household member (related or unrelated) • Black lung benefits • Cash rebates from a dealer or manufacturer • Refugee cash assistance • Native American benefits and payments • Income from a sponsor for a sponsored immigrant • Any portion of a lump sum payment that is awarded for wrongful death, personal injury, damages, or loss of property⁴

¹ For children, RSDI is excluded only if the child is living with their parents. If the child is living with grandparent, aunt, etc. and non-tax filing rules apply, then RSDI is countable for children.

² Count if dependent has a tax filing requirement, there are some exceptions for Medicaid.

³ Count any taxable portion used for room and board.

⁴ Lump sum payments may include countable and non-countable income.

⁵ For Medicaid, this income is counted only in the month it is received.

⁶ Only counted if the separation or divorce agreement is finalized on or before 12/31/2018.