

## Affordability Percentage for 2018 Released

*By Emily Tonkovich*

The IRS recently [announced](#) the 2018 percentage an employer should use to determine whether it offers affordable coverage to employees under the ACA.

For 2018 plan years, the coverage an employer offers to an employee will be considered affordable if the employee's monthly contribution does not exceed 9.56% of:

- The amount reported in Box 1 of the employee's W-2, divided by 12 (W-2 Safe Harbor);
- The employee's monthly wages, based on 130 hours per month (Rate of Pay Safe Harbor); or
- The federal poverty line for a single individual, divided by 12 (Federal Poverty Line Safe Harbor)\*.

The affordability percentage for 2017 plan years was 9.69%. This means an employer's plan could become unaffordable for some employees in 2018, even if the employer does not increase the employee contribution or decrease pay.

Your BRSi Advisor will review your plan's affordability for the 2018 plan year and help you develop a strategy for compliance.

*\* An employer may use different safe harbors for different categories of employees but must do so on a reasonable and consistent basis.*

*Disclaimer: This Compliance Alert is for informational purposes only. It is not intended to be exhaustive and should not be construed as or substituted for legal or tax advice. Please consult with legal counsel or a tax advisor for further guidance.*

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