



For employees who chose to waive coverage at renewal for the 2013-2014 Plan Year:

With the new ACA rules taking affect this year, anyone who can afford health insurance and doesn't have coverage in 2014 may have to pay a fee. They also have to pay for all of their health care.

The fee is sometimes called the "individual responsibility payment," "individual mandate," or penalty.

Many employer-sponsored plans have a non-calendar plan year and most employer-sponsored plans do not permit employees to enroll after the beginning of a plan year unless certain triggering events occur, such as a change in employment status.

To accommodate ACA's changes for 2014, under the transition relief in IRS Notice 2013-42, an employee (or an individual having a relationship to the employee) who is eligible to enroll in a non-calendar year eligible employer-sponsored plan with a plan year beginning in 2013 and ending in 2014 (the 2013-2014 plan year) **will not be liable** for the individual mandate penalty for certain months in 2014.

The transition relief begins in January 2014 and continues through the month in which the 2013-2014 plan year ends.

If, after the open enrollment period, the individual still chooses to waive coverage with their employer and did not enroll in an individual exchange plan, they **will be liable** for the penalty.

Individual Mandate Penalty Table

	Year 2014	Year 2015	Year 2016	After 2016
income based penalty	1% of income above filing threshold	2% of income above filing threshold	2.5% of income above filing threshold	2.5% of income above filing threshold
minimum penalty amount	\$95	\$325	\$695	\$695 + inflation adjustment