

# Affordability Safe Harbors



The affordability safe harbor is the measure of whether the employee's share of premium cost is deemed affordable. There are three IRS Safe Harbor measures to choose from:

W-2	Annual payroll deduction for employee only coverage does not exceed 9.96% of Box 1, W-2 earnings
Rate of Pay	Monthly payroll deduction for employee only premium does not exceed 9.96% of the pay rate of the lowest paid employee x 130 hours (may only be used if pay rates do not decrease during the year)
Federal Poverty Line	Annual payroll deduction for employee only premium does not exceed 9.96% of the single Federal Poverty Level Based on 2025 Federal Poverty Level this threshold equates to: <b>\$129.89</b> per month

These premium measures are to be based on the lowest cost plan option that meets a 60% actuarial value of benefits.

The chart below on the left illustrates 9.96% of earnings relative to various pay rates, beginning with the Federal Minimum Wage.

The charts below on the right are informational, illustrating where the Federal Poverty Level is currently based on household size and the percent of premium responsibility individuals could have if they qualify for a Premium Tax Credit (PTC) by purchasing coverage through an exchange.

**9.96% of Hourly Earnings At Different Rates  
For Maximum Employee Contribution**

Hourly Wage	Hourly Wage * 130 Hours Per Month	9.96% of Monthly Earnings
\$7.25	\$943	\$93.87
\$7.50	\$975	\$97.11
\$8.00	\$1,040	\$103.58
\$8.50	\$1,105	\$110.05
\$9.00	\$1,170	\$116.53
\$9.50	\$1,235	\$123.00
\$10.00	\$1,300	\$129.48
\$10.50	\$1,365	\$135.95
\$11.00	\$1,430	\$142.42
\$11.50	\$1,495	\$148.90
\$12.00	\$1,560	\$155.37
\$12.50	\$1,625	\$161.85
\$13.00	\$1,690	\$168.32
\$13.50	\$1,755	\$174.79
\$14.00	\$1,820	\$181.27
\$14.50	\$1,885	\$187.74
\$15.00	\$1,950	\$194.22
\$15.50	\$2,015	\$200.69
\$16.00	\$2,080	\$207.16
\$16.50	\$2,145	\$213.64
\$17.00	\$2,210	\$220.11
\$17.50	\$2,275	\$226.59
\$18.00	\$2,340	\$233.06
\$18.50	\$2,405	\$239.53
\$19.00	\$2,470	\$246.01
\$19.50	\$2,535	\$252.48
\$20.00	\$2,600	\$258.96
\$20.50	\$2,665	\$265.43

130 hours per month is the benchmark for full-time status based on IRS regulations.

**Federal Poverty Level in Continental US (2025 Amounts)**

Household Size	Percent of Federal Poverty Level				
	100%	138%	200%	300%	400%
1	\$15,650	\$21,597	\$31,300	\$46,950	\$62,600
2	\$21,150	\$29,187	\$42,300	\$63,450	\$84,600
3	\$26,650	\$36,777	\$53,300	\$79,950	\$106,600
4	\$32,150	\$44,367	\$64,300	\$96,450	\$128,600
5	\$37,650	\$51,957	\$75,300	\$112,950	\$150,600
6	\$43,150	\$59,547	\$86,300	\$129,450	\$172,600
7	\$48,650	\$67,137	\$97,300	\$145,950	\$194,600
8	\$54,150	\$74,727	\$108,300	\$162,450	\$216,600
9	\$59,650	\$82,317	\$119,300	\$178,950	\$238,600
10	\$65,150	\$89,907	\$130,300	\$195,450	\$260,600

For each additional person, add \$5,500

**Refundable Premium Tax Credits**

Household Income Relative To Federal Poverty Level:	Percent of Income Before Premium Tax Credit Begins
Up to 150%	0%
15% to 200%	2.0%
200% to 250%	4.0%
250% to 300%	6.0%
300% to 400%	8.5%
400% and higher	8.5%

Refundable Premium Tax Credits (PTC) are available on a sliding-scale basis for individuals and families who are enrolled in an Exchange-purchased health plan, and are not eligible for other qualifying coverage or affordable employer-sponsored health insurance plans providing minimum value. PTC's can be provided as a subsidy through an exchange or taken as a tax credit on a taxpayers annual tax return.