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# APTC Reconciliation at Tax Time

## How Form 8962 squares up your Marketplace subsidy

*Earned more than you estimated? You owe subsidy back. Less? You get more.*

### WHAT IT IS

If you took a Premium Tax Credit (APTC) on a Marketplace plan during the year, the IRS reconciles it at tax time. You report your actual income on Form 8962, and the IRS compares what you should've received vs. what you actually got. If income was higher than you estimated, you owe the difference back. If lower, you get more refunded. Most enrollees never update their income mid-year, and get blindsided at tax time. Here's how it works.

### HOW RECONCILIATION WORKS

**Form 8962**
Required if you took ANY APTC during the year

**Compare estimated vs. actual**
Determines the correct subsidy amount

**Earned more**
Owe subsidy back (capped for most income levels)

**Earned less**
Get the extra subsidy as a tax refund

**Form 1095-A**
Marketplace sends it; required to complete 8962

### WHAT TRIGGERS A REPAYMENT

**Mid-year raise or bonus**
AGI exceeds your estimate

**Cashing out investments / IRAs**
Adds to MAGI

**Spouse re-entering workforce**
Combined income jumps

**Self-employment income higher**
Common surprise for 1099 workers

**Unreported life events**
Marriage, divorce, kid moved out

### THE 3 THINGS PEOPLE GET WRONG

1. **"If I report higher income at tax time, I just pay regular tax, no big deal."**
   Wrong, and the stakes are higher in 2026. For 2026 plan-year coverage (reconciled on 2027 returns), the IRS removed the sliding-scale repayment caps entirely. Excess APTC must be repaid in FULL at any income level. Above 400% FPL the cliff is back and repayment is uncapped. Below 400% FPL, you still owe the full excess, no $375-$3,000 protection.

2. **"I have to wait until tax time to fix subsidy estimates."**
   False. You can update your income on Healthcare.gov anytime during the year. Doing this in real-time (after a job change, raise, etc.) prevents the big tax-time surprise.

3. **"If I forget to file Form 8962, the IRS will calculate it for me."**
   Worse. Failing to file Form 8962 disqualifies you from APTC the following year, and the IRS may treat the missed form as an unfiled return, blocking refunds and creating notices.

### THE INCOME-UPDATE HABIT

Every time your income changes meaningfully, new job, raise, bonus, IRA withdrawal, spouse re-entering workforce, business income spike, update your projected annual income within 30 days. Two ways to do it: log into Healthcare.gov yourself, OR call/text Craig and we'll handle it for you. The Marketplace recalculates your monthly APTC immediately. This is the single highest-leverage habit for avoiding tax-time surprises. It takes 5 minutes either way and can save thousands.

DISCLAIMER: This material is for informational purposes only and is not intended as tax, legal, medical, or insurance advice. Coverage availability, pricing, and benefits vary by carrier, state, and individual circumstances. Insured American Family is an independent licensed insurance agency representing multiple carriers. Information current for 2026 and subject to change.

**Took an ACA subsidy this year and worried about tax-time reconciliation? Call or text Craig, I'll walk you through the Form 8962 calculation and what to expect.**

***Don't go underinsured when you can be Insured AF.***