

Combined Disposable Income Worksheet

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|--|----------------------|
| Income year: | |
| Are you required to file a federal income tax return? | Yes No |
| <u>Disposable income</u> | <u>Amount</u> |
| 1. Federal adjusted gross income from Federal Form 1040 | |
| 2. Capital gains not reported on your federal income tax return | |
| 3. Losses reported on your federal income tax return | |
| 4. Depreciation reported on your federal income tax return | |
| 5. Wage income: nontaxable and/or not reported on your federal income tax return | |
| 6. Dividend or interest income: nontaxable and/or not reported on your federal income tax return | |
| 7. Pension and annuity income: nontaxable and/or not reported on your federal income tax return | |
| 8. Military pay and benefits: nontaxable and/or not reported on your federal income tax return | |
| 9. Veterans pay and benefits: nontaxable and/or not reported on your federal income tax return | |
| 10. Social security or railroad retirement benefits: nontaxable and/or not reported on your federal income tax return | |
| 11. Business, rental, or farming income not reported on your federal income tax return | |
| 12. Other income not included in amounts on Lines 1-11, provide the source, type and amount | |
| 13. Add lines 1-12 This is your total disposable income: | |
| <u>Deductions</u> | |
| 14. Nursing home, assisted living or adult family home | |
| 15. Home health care | |
| 16. Prescription drugs | |
| 17. Medicare parts A,B,C, D insurance premiums | |
| 18. Medicare supplemental/Medigap insurance premiums | |
| 19. Durable medical and mobility enhancing equipment and prosthetic devices | |
| 20. Medically prescribed oxygen | |
| 21. Long-term care insurance | |
| 22. Cost-sharing amounts | |
| 23. Nebulizers | |
| 24. Medicines of mineral, animal and botanical origin prescribed, administered, dispensed, by a naturopath licensed under Washington law | |
| 25. Ostomic items | |
| 26. Insulin for human use | |
| 27. Kidney dialysis devices | |
| 28. Disposable devices used to deliver drugs for human use | |
| 29. Adjustments to income | |
| 30. Add lines 14-29 This is your total deductions: | |
| 31. Subtract line 30 from line 13 This is your total combined disposable income: | |

Income Example #5

Documentation provided: Tax return (pg. 1-13) – no additional income documents

AGI is found on line 11 \$-28,007.00

SSA is found on line 6 – nontaxable portion to add back \$18,515.00

*Gross amount = 18,515

*Taxable amount = 0

*Difference = 18,515

Line 7: Capital gain or loss, Sch D <3,000> need to add back loss \$ 3,000.00

*Always look at the Sch D to verify any additional gains/losses

Line 8: Additional income from Schedule 1, line 10 <27,869>

Next step is to look at the Schedule 1 for more info, don't automatically add this loss back until we look at the Schedule 1

Schedule 1:

*Line 4: Form 4797 <50,000>

*Line 5: Schedule E \$22,131

Form 4797: take a closer look to verify amounts. \$50,000.00

Line 18b shows the loss that is reported on Schedule 1, line 4.

So, add back the <50,000>

Schedule E: take a closer look to verify amounts.

Line 41 shows the income that is reported on Schedule 1, line 5.

Not necessary to add back *(pg2)

Total disposable income \$43,508.00

Why is it not necessary to add the farm rental income back?

| | | | | | | | |
|---|--|----|---------|---|--------------------------|----|----------|
| 2a | Tax-exempt interest | 2a | | b | Taxable interest..... | 2b | 1,314. |
| 3a | Qualified dividends | 3a | 1,548. | b | Ordinary dividends | 3b | 1,548. |
| 4a | IRA distributions | 4a | | b | Taxable amount..... | 4b | |
| 5a | Pensions and annuities | 5a | | b | Taxable amount..... | 5b | |
| 6a | Social security benefits | 6a | 18,515. | b | Taxable amount..... | 6b | 0. |
| c If you elect to use the lump-sum election method, check here (see instructions) | | | | | | | |
| 7 | Capital gain or (loss). Attach Schedule D if required. If not required, check here | | | | | 7 | -3,000. |
| 8 | Additional income from Schedule 1, line 10 | | | | | 8 | -27,869. |
| 9 | Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income..... | | | | | 9 | -28,007. |
| 10 | Adjustments to income from Schedule 1, line 26 | | | | | 10 | |
| 11 | Subtract line 10 from line 9. This is your adjusted gross income | | | | | 11 | -28,007. |

If we just calculated the income from the 1040, we would get:

AGI: -28,007
 SSA: 18,515
 Sch D Loss: 3,000
Sch 1 loss: 27,869
 Total: 21,377

| | | | |
|---|---|---|----------|
| 4 | Other gains or (losses). Attach Form 4797..... | 4 | -50,000. |
| 5 | Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E | 5 | 22,131. |
| 6 | Farm income or (loss). Attach Schedule F | 6 | |

But if we calculated the income from the 1040 AND the Schedule 1, we would get:

AGI: -28,007
 SSA: 18,515
 SCH D loss: 3,000
Form 4797 loss: 50,000
 Total: 43,508

**Check: what is the difference between the two totals?
 $43,508 - 21,377 = 22,131$

**This is the amount of the Sch E income. If we only added back the “overall” loss of 27,869, the Schedule E income is excluded from the CDI. When we add back the “total” loss of 50,000, this allows the Schedule D income to be included in the calculation.