Calculating the Homestead Credit

The Homestead Credit is calculated approximately as:

Actual property tax paid and/or 20% of rent paid
minus 3.5% of total household resources
multiplied by 60% (maximum of $1200)

<table>
<thead>
<tr>
<th>Monthly Rent</th>
<th>$0</th>
<th>$10,000</th>
<th>$20,000</th>
<th>$30,000</th>
<th>$40,000</th>
<th>$50,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$300</td>
<td>$432</td>
<td>$222</td>
<td>$12</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$400</td>
<td>$576</td>
<td>$366</td>
<td>$156</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$500</td>
<td>$720</td>
<td>$510</td>
<td>$300</td>
<td>$90</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$600</td>
<td>$864</td>
<td>$654</td>
<td>$444</td>
<td>$234</td>
<td>$24</td>
<td>$0</td>
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<tr>
<td>$700</td>
<td>$1,008</td>
<td>$798</td>
<td>$588</td>
<td>$378</td>
<td>$168</td>
<td>$0</td>
</tr>
<tr>
<td>$800</td>
<td>$1,152</td>
<td>$942</td>
<td>$732</td>
<td>$522</td>
<td>$312</td>
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<tr>
<td>$900</td>
<td>$1,200</td>
<td>$1,086</td>
<td>$876</td>
<td>$666</td>
<td>$456</td>
<td>$0</td>
</tr>
</tbody>
</table>

This table is for illustration only and does not imply that you qualify for the Homestead Credit or any amount shown.

Robert Boutin
Physicians' Financial L.C.
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Household Resources

Household Resources Include, **but are not limited to:**

- Wages, salaries, tips (typically from a W-2 or 1098-MISC)
- Interest and dividend income
- Business income
- Nontaxable gain from the sale of a home
- Awards, prizes, lottery, bingo or gambling winnings
- Gifts of cash or goods received and **all payments made on your behalf** by relatives, friends and/or other individuals. (e.g. rent, taxes, utilities, medical expenses, tuition, etc.)
- **Scholarships, grants, and G.I. Bill benefits.** Get this amount from your 1098T as it is based on the **tax year**, not the academic year.
Household Resources do **NOT** include:

- Personal loans from family or friends (but loan terms must be documented)
- Inheritance or life insurance proceeds from a deceased spouse
- Credit Cards
- Personal Savings

- **Student Loans** *(makes the Michigan Homestead Property Tax Credit particularly valuable for medical students, dental students, and Intern year residents)*