

Are you an Applicable Large Employer (ALE)

according to the Affordable Care Act (ACA)?

Whether an employer is an ALE is determined each calendar year, and generally depends on the average size of an employer's workforce during the prior year. Below you will find a general overview and some examples of how to determine your ALE status and more detailed information can be also be found on the IRS website by clicking here.



Full-time Employees

A full-time employee for any calendar month is an employee who has on average at least **30 hours** of service per week during the calendar month, or at least **130 hours** of service during the calendar month.



Full-Time Equivalent (FTE) Employees

A full-time equivalent employee is a combination of employees, each of whom individually is not a full-time employee, but who, in combination, are equivalent to a full-time employee. Special rules also apply for seasonal workers, see page 2 for more info. An employer determines its number of full-time-equivalent employees for a month in the steps that follow:

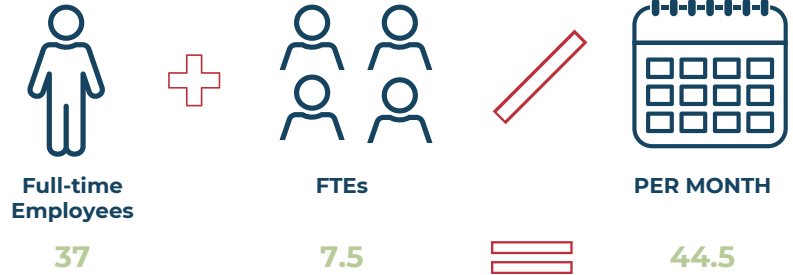
1. **Combine the number of hours of service of all non-full-time employees** for the month but do not include more than 120 hours of service per employee.

2. **Divide the total by 120.**

Example:

- 15 non full-time employee
- One month each work 60 hours
- 15 multiplied by 60 = 900
- 900 divided by 120 = 7.5

Calculation Example



To calculate the total number of FTEs for ACA compliance, add your full-time employee count to the FTEs derived from part-time hours (total part-time hours divided by 120). Repeat this monthly and then average the totals over 12 months to determine if your organization qualifies as an ALE. No rounding is applied to the final result.

	Full-time Employees	FTEs	Total Per Month	Total Employees for ALE Calculation
Jan	37	7.5	44.5	<p>Divided by 12 Months to get average for year</p> <p>48.4</p>
Feb	37	7.5	44.5	
March	39	8	47.0	
April	39	8.5	47.5	
May	40	9	49.0	
June	40	10	50.0	
July	40	8.5	48.5	
Aug	42	7	49.0	
Sept	42	7	49.0	
Oct	42	6	48.0	
Nov	43	9	52.0	
Dec	43	9	52.0	
			<u>581.0</u>	

In this example the company would not be ALE because 48 is less than 50. On the next page you will find a detailed worksheet to explain further.



Full-Time Equivalent (FTE) Employees

FTE is any employees working less than 30 hours per week on average. Combine the total hours worked for all FTEs each month and put that in the **Total Hours Row**. Then divide that each month **by 120** to get your **FTE number**. Below is just an example to show how to calculate the FTE Number.

Month	January	February	March	April	May	June	July	August	September	October	November	December
Total Hours	900	900	960	1020	1080	1200	1020	840	840	720	1080	1080
Divided by	/ 120	/ 120	/ 120	/ 120	/ 120	/ 120	/ 120	/ 120	/ 120	/ 120	/ 120	/ 120
FTE Number	7.5	7.5	8	8.5	9	10	8.5	7	7	6	9	9



ALE Calculation

Add the **total number of full-time employees** for each month below as well as the **total FTE number** from the table above. Add those rows together to get a **total each month**. Then add up the total each month, in this example below is 581. Then divide that by 12 to get the average number of employees for ALE.

Month	January	February	March	April	May	June	July	August	September	October	November	December	
Full-Time	37	37	39	39	40	40	40	42	42	42	43	43	
FTE Number (From Above)	7.5	7.5	8	8.5	9	10	8.5	7	7	6	9	9	
TOTAL	44.5	44.5	47.0	47.5	49.0	50.0	48.5	49.0	49.0	48.0	52.0	52.0	TOTAL 581.0

$581 \div 12 = 48.4$ or **48 Average Employees for Year**
In this example 48 is less than 50 so not ALE

Seasonal Workers & ALE Calculation

Seasonal Worker Exception

If an employer's workforce exceeds 50 full-time employees (including FTEs) for 120 days or fewer during the calendar year, and the employees above the 50 threshold are seasonal workers, the employer is not considered an ALE.

Definition of Seasonal Worker

A seasonal worker is defined as someone who is employed on a seasonal basis, such as retail workers during the holiday season or agricultural workers during harvest. Seasonal employment can also be determined by industries where work typically happens for a specific period each year.

If the only reason your workforce exceeds 50 employees is because of seasonal workers, and they work 120 days or fewer in a year, you are not considered an ALE and are not subject to the ACA employer mandate. However, if seasonal workers are employed beyond 120 days or the threshold is exceeded without this exception the ALE rules will apply and you will need to include them above.