

**2010 One Page Tax Summary
Tax Qualified Long-Term Care Insurance (LTCi)**

| Type of Taxpayer | Deduction of Premiums | Taxation of Benefits | | | | | | | | | | | | |
|---|---|--|------------------------|----------------|-------|-------------|-------|-------------|---------|-------------|---------|------------------|---------|---|
| Individual taxpayer who does NOT itemize deductions | No LTCi premium deduction available | | | | | | | | | | | | | |
| Individual taxpayer who itemizes deductions | <p>LTCi is treated as accident and health insurance <i>IRC §7702B(a)(1)</i></p> <p>Deduction is limited to the lesser of actual premium paid <u>or</u> eligible LTCi premium amounts <i>IRC §§213(d)(1)(D), 213(d)(10)</i></p> <p>Eligible LTCi premium in 2010:</p> <table border="1" data-bbox="467 499 1166 655"> <thead> <tr> <th>Attained age in tax year</th> <th>Limitation on premiums</th> </tr> </thead> <tbody> <tr> <td>Age 40 or less</td> <td>\$330</td> </tr> <tr> <td>Age 41 – 50</td> <td>\$620</td> </tr> <tr> <td>Age 51 – 60</td> <td>\$1,230</td> </tr> <tr> <td>Age 61 – 70</td> <td>\$3,290</td> </tr> <tr> <td>Age 71 and older</td> <td>\$4,110</td> </tr> </tbody> </table> <p>Medical expense deduction is allowable to extent that such expenses (including payment of eligible LTCi premium) exceed 7.5% of AGI <i>IRC §213(a)</i></p> | Attained age in tax year | Limitation on premiums | Age 40 or less | \$330 | Age 41 – 50 | \$620 | Age 51 – 60 | \$1,230 | Age 61 – 70 | \$3,290 | Age 71 and older | \$4,110 | <p>Reimbursement benefits are not included in income <i>IRC §§104(a)(3), 7702B(a)(2)</i></p> <p>Per diem (indemnity) benefits are not included in income, except those amounts which exceed the greater of:</p> <ul style="list-style-type: none"> • Total qualified LTC expenses; or • \$290 per day (in 2010) |
| Attained age in tax year | Limitation on premiums | | | | | | | | | | | | | |
| Age 40 or less | \$330 | | | | | | | | | | | | | |
| Age 41 – 50 | \$620 | | | | | | | | | | | | | |
| Age 51 – 60 | \$1,230 | | | | | | | | | | | | | |
| Age 61 – 70 | \$3,290 | | | | | | | | | | | | | |
| Age 71 and older | \$4,110 | | | | | | | | | | | | | |
| MSA & HSA | Eligible LTCi premium is considered a qualified medical expense <i>IRC §213(d)(1)(D)</i> | <i>IRC §§104(a)(3), 7702B(a)(2), 7702B(d)</i> | | | | | | | | | | | | |
| Employee (non-owner) | <p>LTCi premium paid by employee:</p> <ul style="list-style-type: none"> • Deductible by employee who itemizes (subject to limitations above) • May NOT be paid through a cafeteria plan <i>IRC §125(f)</i> • May NOT be paid through an FSA or similar arrangement <i>IRC §106(c)</i> <p>LTCi premium paid by employer:</p> <ul style="list-style-type: none"> • Employer provided LTCi is treated as an accident and health plan <i>IRC §7702B(a)(3)</i> • Deductible by employer (subject to reasonable compensation) <i>IRC §162(a)</i> • Total (not eligible) LTCi premium paid is excluded from employee's income <i>IRC §106(a)</i> | <p>Non-forfeiture benefit (return of premium benefit):</p> <ul style="list-style-type: none"> • Available only upon total surrender or death • May not be borrowed or pledged • Included in gross income to extent of any deduction or exclusion allowed with respect to premium <p><i>IRC §7702B(b)(2)(C)</i></p> | | | | | | | | | | | | |
| C-Corporation (owner/employee) | Treated as "Employee" (see above) | | | | | | | | | | | | | |
| <p>Sole-Proprietor</p> <p>S-Corporation (greater than 2% shareholder)</p> <p>Partnership (greater than 2% shareholder)</p> <hr/> <p>Limited Liability Corporation (LLC) is a legal, not a tax filing - ask how the entity files</p> | <p>Eligible for Self-Employed health insurance deduction, which is taken "above the line" Line 29 of IRS Form 1040 <i>IRC §162(l)</i></p> <p>Limited to lesser of actual LTCi premium paid or eligible LTCi premium <i>IRC §§213(d)(1)(D), 213(d)(10)</i></p> <p>Eligible LTCi premium in 2010:</p> <table border="1" data-bbox="467 1654 1166 1810"> <thead> <tr> <th>Attained age in tax year</th> <th>Limitation on premiums</th> </tr> </thead> <tbody> <tr> <td>Age 40 or less</td> <td>\$330</td> </tr> <tr> <td>Age 41 – 50</td> <td>\$620</td> </tr> <tr> <td>Age 51 – 60</td> <td>\$1,230</td> </tr> <tr> <td>Age 61 – 70</td> <td>\$3,290</td> </tr> <tr> <td>Age 71 and older</td> <td>\$4,110</td> </tr> </tbody> </table> <p>Deduction is NOT limited to 7.5% of AGI threshold (outlined above)</p> | Attained age in tax year | Limitation on premiums | Age 40 or less | \$330 | Age 41 – 50 | \$620 | Age 51 – 60 | \$1,230 | Age 61 – 70 | \$3,290 | Age 71 and older | \$4,110 | <p>NOTE: This document is only a summary of the tax treatment of qualified long-term care insurance</p> |
| Attained age in tax year | Limitation on premiums | | | | | | | | | | | | | |
| Age 40 or less | \$330 | | | | | | | | | | | | | |
| Age 41 – 50 | \$620 | | | | | | | | | | | | | |
| Age 51 – 60 | \$1,230 | | | | | | | | | | | | | |
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| Age 71 and older | \$4,110 | | | | | | | | | | | | | |

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