

LONG TERM CARE INSURANCE

THE TAX ADVANTAGES of QUALIFIED LTC INSURANCE

THE TAX ADVANTAGES of QUALIFIED LONG TERM CARE INSURANCE

The purchase of Long Term Care insurance is more attractive than ever for both employers and individuals, due to tax advantages granted through the federal government. These tax advantages apply to tax-qualified Long Term Care insurance.(Section 213(d)(10) of the Internal Revenue Code) Tax advantages will vary depending on the taxpayer. The following outlines the key advantages.

ALL COMPANIES

Employers have the option of covering all employees or only certain employee classes. The employee and the employee's spouse and dependents can be covered and receive the same tax advantages.

C-CORPORATIONS

A corporate employer generally can take a business expense deduction for the entire (100%) amount of the LTC premiums paid for employees, their spouses and dependents. Employer-paid premiums for an employee, spouse or dependents are excluded from an employee's income for tax purposes. The benefits received by the employee, spouse or dependents are income tax free.

SELF-EMPLOYED INDIVIDUALS

The Self-employed are permitted to deduct a percentage of health insurance premiums for the Self-Employed individual, the individual's spouse and dependents. Owner/Employees (Members) of LLC's, S-Corps (2%+ Shareholders) and Partnerships who declare their health insurance premiums as income may also take advantage of the deduction.

YEAR	ELIGIBLE DEDUCTION
2008	100%

Attained Age Before Close Of Tax Year	Eligible Annual LTC Premiums 2008 Tax year	Eligible Annual LTC Premiums 2007 Tax year
40 or younger	\$310	\$290
41-50	\$580	\$550
51-60	\$1,150	\$1,110
61-70	\$3,080	\$2,950
71 and older	\$3,850	\$3,680

The per diem amount for 2008 is \$270.

INDIVIDUAL PURCHASERS

Medical and dental expenses that exceed 7.5% of adjusted gross income are deductible and taxpayers can now include eligible LTC premiums paid for themselves, their spouses and dependents as part of their medical expenses. Refer to the age-based Eligible LTC Premiums chart for the applicable tax year.

This information is not intended to be a comprehensive discussion of LTC tax issues. Please consult a tax professional for additional guidance.