

**CLTC One Page 2016 Tax Summary**  
**Tax Qualified Long-Term Care Insurance (LTCi)**

Type of Taxpayer	Deduction of Premiums	Taxation of Benefits												
<b>Individual taxpayer who does NOT itemize deductions</b>	No LTCi premium deduction available.													
<b>Individual taxpayer who itemizes deductions</b>	<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 or eligible LTCi premium amounts <i>IRC §§213(d)(1)(D), 213(d)(10)</i></p> <p>Eligible LTCi premium in 2015:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Attained age in tax year</th> <th style="text-align: center;">Limitation on premiums</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Age 40 or less</td> <td style="text-align: center;">\$390</td> </tr> <tr> <td style="text-align: center;">Age 41 – 50</td> <td style="text-align: center;">\$730</td> </tr> <tr> <td style="text-align: center;">Age 51 – 60</td> <td style="text-align: center;">\$1,460</td> </tr> <tr> <td style="text-align: center;">Age 61 – 70</td> <td style="text-align: center;">\$3,900</td> </tr> <tr> <td style="text-align: center;">Age 71 and older</td> <td style="text-align: center;">\$4,870</td> </tr> </tbody> </table> <p>Medical expense deduction is allowable to extent that such expenses (including payment of eligible LTCi premium) exceed 10% of AGI <i>IRC §213(d)(10)</i>. Please review code to determine income eligibility and phase in period.</p>	Attained age in tax year	Limitation on premiums	Age 40 or less	\$390	Age 41 – 50	\$730	Age 51 – 60	\$1,460	Age 61 – 70	\$3,900	Age 71 and older	\$4,870	<p><b>Reimbursement</b> benefits are not included in income.</p> <p><i>IRC §§104(a)(3), 7702B(a)(2)</i></p> <hr/> <p><b>Per diem</b> (indemnity) benefits are not included in income, except those amounts which exceed the greater of:</p> <ul style="list-style-type: none"> <li>Total qualified LTC expenses</li> <li>\$340 per day (in 2015)</li> </ul> <p><i>IRC §§7702B(d)(4), 7702B(a)(2), 7702B(d)</i></p> <hr/> <p><b>Non-forfeiture</b> benefits (return of premium benefit):</p> <ul style="list-style-type: none"> <li>Available only upon total surrender or death</li> <li>May not be borrowed or pledged</li> <li>Included in gross income to extent of any deduction or exclusion allowed with respect to premium</li> </ul> <p><i>IRC §7702B(b)(2)(C)</i></p>
Attained age in tax year	Limitation on premiums													
Age 40 or less	\$390													
Age 41 – 50	\$730													
Age 51 – 60	\$1,460													
Age 61 – 70	\$3,900													
Age 71 and older	\$4,870													
<b>MSA &amp; HSA</b>	Eligible LTCi premium is considered a qualified medical expense <i>IRC §213(d)(1)(D)</i>													
<b>Employee (non-owner)</b>	<p>LTCi premium paid by employee:</p> <ul style="list-style-type: none"> <li>Deductible by employee who itemizes (subject to limitations above)</li> <li>May NOT be paid through a cafeteria plan <i>IRC §125(f)</i></li> <li>May NOT be paid through an FSA or similar arrangement <i>IRC §106(c)</i></li> </ul> <p>LTCi premium paid by employer:</p> <ul style="list-style-type: none"> <li>Employer provided LTCi is treated as an accident and health plan <i>IRC §7702B(a)(3)</i></li> <li>Deductible by employer (subject to reasonable compensation) <i>IRC §162(a)</i></li> <li>Total (not eligible) LTCi premium paid is excluded from employee's income <i>IRC §106(a)</i></li> </ul>	<ul style="list-style-type: none"> <li>Total qualified LTC expenses</li> <li>\$340 per day (in 2015)</li> </ul> <p><i>IRC §§7702B(d)(4), 7702B(a)(2), 7702B(d)</i></p> <hr/> <p><b>Non-forfeiture</b> benefits (return of premium benefit):</p> <ul style="list-style-type: none"> <li>Available only upon total surrender or death</li> <li>May not be borrowed or pledged</li> <li>Included in gross income to extent of any deduction or exclusion allowed with respect to premium</li> </ul> <p><i>IRC §7702B(b)(2)(C)</i></p>												
<b>C-Corporation (shareholder/employee with W-2)</b>	Treated as "Employee" (see above)													
<p><b>Sole-Proprietor</b></p> <p><b>S-Corporation (greater than 2% shareholder with W-2)</b></p> <p><b>Partnership (any %)</b></p> <hr/> <p><b>Limited Liability Corporation (LLC)</b> 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 2015:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Attained age in tax year</th> <th style="text-align: center;">Limitation on premiums</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Age 40 or less</td> <td style="text-align: center;">\$390</td> </tr> <tr> <td style="text-align: center;">Age 41 – 50</td> <td style="text-align: center;">\$730</td> </tr> <tr> <td style="text-align: center;">Age 51 – 60</td> <td style="text-align: center;">\$1,460</td> </tr> <tr> <td style="text-align: center;">Age 61 – 70</td> <td style="text-align: center;">\$3,900</td> </tr> <tr> <td style="text-align: center;">Age 71 and older</td> <td style="text-align: center;">\$4,870</td> </tr> </tbody> </table> <p>Deduction is NOT limited to 10% of AGI threshold (outlined above)</p>	Attained age in tax year	Limitation on premiums	Age 40 or less	\$390	Age 41 – 50	\$730	Age 51 – 60	\$1,460	Age 61 – 70	\$3,900	Age 71 and older	\$4,870	<p><b>Non-forfeiture</b> benefits (return of premium benefit):</p> <ul style="list-style-type: none"> <li>Available only upon total surrender or death</li> <li>May not be borrowed or pledged</li> <li>Included in gross income to extent of any deduction or exclusion allowed with respect to premium</li> </ul> <p><i>IRC §7702B(b)(2)(C)</i></p>
Attained age in tax year	Limitation on premiums													
Age 40 or less	\$390													
Age 41 – 50	\$730													
Age 51 – 60	\$1,460													
Age 61 – 70	\$3,900													
Age 71 and older	\$4,870													

The information contained in this summary is provided with the understanding that it is not to be interpreted as specific legal or tax advice. Neither The Corporation for Long-Term Care Certification, Inc. nor any of its employees or representatives is authorized to give legal or tax advice. Individuals are encouraged to seek the guidance of their own personal legal or tax counsel.