

CLTC One Page 2015 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 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;">\$380</td> </tr> <tr> <td style="text-align: center;">Age 41 – 50</td> <td style="text-align: center;">\$710</td> </tr> <tr> <td style="text-align: center;">Age 51 – 60</td> <td style="text-align: center;">\$1,430</td> </tr> <tr> <td style="text-align: center;">Age 61 – 70</td> <td style="text-align: center;">\$3,800</td> </tr> <tr> <td style="text-align: center;">Age 71 and older</td> <td style="text-align: center;">\$4,750</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	\$380	Age 41 – 50	\$710	Age 51 – 60	\$1,430	Age 61 – 70	\$3,800	Age 71 and older	\$4,750	<p>Reimbursement benefits are not included in income.</p> <p><i>IRC §§104(a)(3), 7702B(a)(2)</i></p> <hr/> <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 • \$330 per day (in 2015) <p><i>IRC §§7702B(d)(4), 7702B(a)(2), 7702B(d)</i></p> <hr/> <p>Non-forfeiture benefits (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>
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MSA & HSA	Eligible LTCi premium is considered a qualified medical expense <i>IRC §213(d)(1)(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> 	<ul style="list-style-type: none"> • Total qualified LTC expenses • \$330 per day (in 2015) <p><i>IRC §§7702B(d)(4), 7702B(a)(2), 7702B(d)</i></p> <hr/> <p>Non-forfeiture benefits (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 (shareholder/employee with W-2)	Treated as "Employee" (see above)													
<p>Sole-Proprietor</p> <p>S-Corporation (greater than 2% shareholder with W-2)</p> <p>Partnership (any %)</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 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;">\$380</td> </tr> <tr> <td style="text-align: center;">Age 41 – 50</td> <td style="text-align: center;">\$710</td> </tr> <tr> <td style="text-align: center;">Age 51 – 60</td> <td style="text-align: center;">\$1,430</td> </tr> <tr> <td style="text-align: center;">Age 61 – 70</td> <td style="text-align: center;">\$3,800</td> </tr> <tr> <td style="text-align: center;">Age 71 and older</td> <td style="text-align: center;">\$4,750</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	\$380	Age 41 – 50	\$710	Age 51 – 60	\$1,430	Age 61 – 70	\$3,800	Age 71 and older	\$4,750	<p>Non-forfeiture benefits (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>
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(Revised November 2013)