

CLTC One Page 2019 Tax Summary
Tax-Qualified Long-Term Care Insurance (LTCI)

Type of Taxpayer	Premium Deduction (Traditional Policies)	Taxation of Benefits												
Individual taxpayer who does NOT itemize	No deduction.	Reimbursement benefits are not included in income. <i>IRC§§104(a)(3), 7702B(a)(2)</i>												
Individual taxpayer who itemizes deductions (Schedule A)	<p>Following are the deductibility limits for 2019. Any premium amounts for the year above these limits are not considered to be a medical expense.</p> <table><tr><th>Attained age before the close of the taxable year</th><th>Deductible premium limit</th></tr><tr><td>40 or less</td><td>\$420</td></tr><tr><td>More than 40 but not more than 50</td><td>\$790</td></tr><tr><td>More than 50 but not more than 60</td><td>\$1,580</td></tr><tr><td>More than 60 but not more than 70</td><td>\$4,220</td></tr><tr><td>More than 70</td><td>\$5,270</td></tr></table>	Attained age before the close of the taxable year	Deductible premium limit	40 or less	\$420	More than 40 but not more than 50	\$790	More than 50 but not more than 60	\$1,580	More than 60 but not more than 70	\$4,220	More than 70	\$5,270	<p>Per diem (or indemnity) benefits are not included in income except amounts that exceed the <u>greater of</u>:</p> <ul style="list-style-type: none">• \$370 per day (2018 indexed), or• Total qualified LTC expenses. <p><i>IRC §§104(a)(3), 7702B(a)(2), 7702B(d)</i></p>
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HSA & Archer MSA	Eligible LTCI premium is a qualified medical expense. <i>IRC §213(d)(1)(D)</i>	<p>Return of premium (nonforfeiture) benefits:</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>												
Employee (W-2) (NON-owner)	<p>Premium paid by <u>employee</u> (e.g., “voluntary” or payroll deduction):</p> <ul style="list-style-type: none">• May NOT be paid through cafeteria plan. <i>IRC §125(f)</i>• May NOT be paid through FSA or similar arrangement. <i>IRC §106(c)</i>• Deductible by employee who itemizes (<i>subject to limitations above</i>) <p>Premium paid by <u>employer</u> (ANY business type):</p> <ul style="list-style-type: none">• Employer provided LTCI treated as accident and health plan. <i>IRC §7702B(a)(3)</i>• Deductible by employer - NOT limited to Eligible premium (subject to reasonable compensation). May also include spouse and other eligible tax dependents. <i>IRC §162(a)</i>• Total premium excluded from employee’s income (NOT limited to Eligible premium). Not subject to FICA, etc. <i>IRC §106(a)</i>• Benefits remain tax-free. (<i>See column to right</i>)													
C-Corporation Shareholder / Employee (with W-2) • Including PCs and LLCs taxed as a C	Treated as employee. (See above)													
“Self-employed” business owners: • Sole Proprietor • Partner • S-Corporate > 2% shareholder / employee (W-2) • Member of a LLC or PC taxed as any of above	<p>Following are the deductibility limits for 2019. Any premium amounts for the year above these limits are not considered to be a medical expense.</p> <table><tr><th>Attained age before the close of the taxable year</th><th>Deductible premium limit</th></tr><tr><td>40 or less</td><td>\$420</td></tr><tr><td>More than 40 but not more than 50</td><td>\$790</td></tr><tr><td>More than 50 but not more than 60</td><td>\$1,580</td></tr><tr><td>More than 60 but not more than 70</td><td>\$4,220</td></tr><tr><td>More than 70</td><td>\$5,270</td></tr></table>	Attained age before the close of the taxable year	Deductible premium limit	40 or less	\$420	More than 40 but not more than 50	\$790	More than 50 but not more than 60	\$1,580	More than 60 but not more than 70	\$4,220	More than 70	\$5,270	<p>Linked-Benefit LTCI</p> <p>LTC benefits paid from a Tax-Qualified (7702B) annuity or life insurance “linked benefit” plan are tax-free as noted above. <i>IRC§7702B(e)</i></p> <p>Cash surrenders from a LTCI linked-benefit plan that paid LTCI benefits may have a reduced cost-basis. <i>IRC§72(e)(11)</i></p> <p>Premium payments for annuity or life insurance linked-benefit LTCI plans are NOT deductible. (Separately-billed TQ LTCI riders may be deductible.)</p>
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NOTE: Limited Liability Corporate (LLC) is a legal, not tax, entity - ask how the entity files.

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