

**CLTC One Page 2014 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 <u>or</u> eligible LTCi premium amounts <i>IRC §§213(d)(1)(D), 213(d)(10)</i></p> <p>Eligible LTCi premium in 2014:</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;">\$370</td> </tr> <tr> <td style="text-align: center;">Age 41 – 50</td> <td style="text-align: center;">\$700</td> </tr> <tr> <td style="text-align: center;">Age 51 – 60</td> <td style="text-align: center;">\$1,400</td> </tr> <tr> <td style="text-align: center;">Age 61 – 70</td> <td style="text-align: center;">\$3,720</td> </tr> <tr> <td style="text-align: center;">Age 71 and older</td> <td style="text-align: center;">\$4,660</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	\$370	Age 41 – 50	\$700	Age 51 – 60	\$1,400	Age 61 – 70	\$3,720	Age 71 and older	\$4,660	<p><b>Reimbursement</b> benefits are not included in income.</p> <p><i>IRC §§104(a)(3), 7702B(a)(2)</i></p>
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<b>MSA &amp; HSA</b>	Eligible LTCi premium is considered a qualified medical expense <i>IRC §213(d)(1)(D)</i>	<b>Per diem</b> (indemnity) benefits are not included in income, except those amounts which exceed the greater of:												
<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>\$330 per day (in 2014)</li> </ul> <p><i>IRC §§7702B(d)(4), 7702B(a)(2), 7702B(d)</i></p>												
<b>C-Corporation (shareholder/employee with W-2)</b>	Treated as "Employee" (see above)	<b>Non-forfeiture</b> benefits (return of premium benefit):												
<p><b>Sole-Proprietor</b></p> <p><b>S-Corporation</b> (greater than 2% shareholder with W-2)</p> <p><b>Partnership</b> (any %)</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 2014:</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;">\$370</td> </tr> <tr> <td style="text-align: center;">Age 41 – 50</td> <td style="text-align: center;">\$700</td> </tr> <tr> <td style="text-align: center;">Age 51 – 60</td> <td style="text-align: center;">\$1,400</td> </tr> <tr> <td style="text-align: center;">Age 61 – 70</td> <td style="text-align: center;">\$3,720</td> </tr> <tr> <td style="text-align: center;">Age 71 and older</td> <td style="text-align: center;">\$4,660</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	\$370	Age 41 – 50	\$700	Age 51 – 60	\$1,400	Age 61 – 70	\$3,720	Age 71 and older	\$4,660	<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>
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(Revised November 2013)