



Long Term Care Insurance



Tax Advantages of Long Term Care Insurance for You and Your Business

CPS  INSURANCE SERVICES

Proactive LTC Planning

For You and Your Future

A comfortable and secure future is a goal that everyone has in common. But realizing your goals requires proactive planning, including taking into account how the need for Long Term Care (LTC) can impact your financial security, your quality of life, and your family's well-being – not to mention the future state of your business. With tax-qualified LTC Insurance, you can take the right steps towards protecting your future, while seeing valuable tax benefits from annual business expense deductions.



Using Your Business To Pay for LTC Insurance

Tax-qualified LTC Insurance can provide a number of ways to protect the goals that you and your family have planned for. As an employer, it can also mean gaining valuable business tax breaks from the federal government. Much like medical expenses, LTC Insurance premiums are deductible to an extent, allowing you to take all or a portion of the premiums as a business expense.

While each situation is unique, many types of businesses can benefit from the tax advantages of LTC Insurance. So whether you're considering coverage for yourself and your family, or offering your employees a broader benefits package, it's an easy way to leverage the tax classification of your business and pay for your LTC Insurance protection.



How It Works

Allowable LTC Deductions

The portion of your LTC Insurance premium that you can deduct is limited to an eligible amount based on your age. The table below illustrates the allowable deductions for the following types of individuals:

- » Sole proprietors
- » Partners of partnerships
- » Members of Limited Liability Companies
- » Shareholders/employees of S Corporations

Age of Insured Before the Close of the Year	2012 LTCI Eligible Premium
40 or less	\$350
41 to 50	\$660
51 to 60	\$1,310
61 to 70	\$3,500
Over 70	\$4,370

Here is a hypothetical example of how your eligible LTC Insurance premium deduction can work:

Basic Information	
Age of sole proprietor	55
Gross income	\$60,000
Annual premium for tax-qualified LTCI policy	\$2,000
Calculating the deduction	
Eligible LTCI premium (above)	\$1,310
Gross income less deduction	\$58,770 (\$60,000 - \$1,310)

How It Works

For C Corporations

When a business purchases a tax-qualified LTC Insurance policy on behalf of any of its employees, spouses, or dependents, the corporation can deduct 100% of the total premium as a business expense. In addition, the entire premium amount paid by the employer is excluded from the employee's Adjusted Gross Income. Below is a hypothetical example of a C Corporation paying for 10 employees:

Basic Information	
Premium paid by C Corp.	\$20,000 (\$2,000 Premium x 10 employees)
Calculating The Deduction	
Total deduction	\$20,000
Calculating The Exclusion	
Amount excluded from each employee's taxable income	\$2,000

Smart business owners are constantly looking for new ways to take advantage of tax incentives. LTC Insurance helps protect your family and your retirement savings from the high cost of Long Term Care, while allowing you to leverage its tax advantages for the betterment of your business.

For more information regarding the tax deductibility of LTC Insurance, please contact your CPS LTC Insurance representative.



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