

# Business Owner Incentives

## Long Term Care Insurance and The Business Owner Tax Advantage



### The Tax Advantages of Qualified Long-Term Care:

The purchase of Long Term Care insurance is more attractive than ever for employers due to tax advantages granted through the federal government. These tax advantages apply to tax-qualified Long Term Care insurance. (Section 213(d)(10) of the Internal Revenue Code) Tax advantages will vary depending on the taxpayer. The following outlines the key advantages.

### All Companies:

Employers have the option of covering all employees or only certain employee classes. The employee and the employee's spouse and dependents can be covered and receive the same tax advantages.

### C-Corporations:

A corporate employer generally can take a business expense deduction for the entire (100%) amount of the LTC premiums paid for employees, their spouses and dependents. Employer-paid premiums for an employee, spouse or dependents are excluded from an employee's income for tax purposes. The benefits received by the employee, spouse or dependents are generally income tax free.

### Self-Employed Individuals:

The Self-employed are permitted to deduct a percentage of health insurance premiums for the Self-Employed individual, the individual's spouse and dependents. Owner/Employees (Members) of LLC's, S-Corps (2%+ Shareholders) and Partnerships who declare their health insurance premiums as income may also take advantage of the deduction. They may take 100% of the eligible LTC insurance premiums based on age.

## 2019 Tax Deductible Limits Long-Term Care Insurance

<u>Attained Age Before Close of Taxable Year</u>	<u>2019 Limit</u>
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