



# LONG TERM CARE INSURANCE PREMIUM DEDUCTIBILITY QUICK REFERENCE GUIDE<sup>1</sup>

Premium Payer	Circumstance	Deductibility
<b>Individual Taxpayer</b>	Individual (who itemizes deductions) and pays premiums for own policy.	Adds eligible premiums (see explanation and chart on reverse) to other unreimbursed medical expenses and may deduct amount in excess of 7.5% of AGI.
<b>All Business Types</b>	Employer pays premiums for non-owner employees' policies (includes S Corporation employees with a 2% or less ownership interest).	Employer may be able to deduct up to 100% of premium expense (if total compensation is "reasonable"). Premiums paid by employer not included in employee's taxable income. Benefits received from policy not included in employee's (policyowner's) taxable income.
<b>Sole Proprietor</b>	Sole proprietor pays premiums for own policy.	Deducts eligible long term care insurance premium (see explanation and chart on reverse). <sup>2</sup> Benefits received from policy not included in policyowner's taxable income.
<b>Partnership (as well as Limited Liability Company taxed as partnership)</b>	Partnership pays premiums for partners' policies.	Premiums attributed to each partner/member included in their income. Partner/member deducts eligible long term care insurance premium (see explanation and chart on reverse). <sup>3</sup> Benefits received from policy not included in policyowner's taxable income.
<b>C Corporation (as well as Limited Liability Company taxed as corporation.)</b>	C Corporation pays premiums for owner/employees' policies.	C Corporation may be able to deduct up to 100% of premium expense (if total compensation is "reasonable"). Premiums paid by employer not included in owner/employee's taxable income (see explanation on reverse). Benefits received from policy not included in policyowner's taxable income.
<b>S Corporation</b>	S Corporation pays premiums for greater than 2% shareholders' policies.	Premiums attributed to each greater than 2% shareholder included in their income. Greater than 2% shareholder deducts eligible long term care insurance premium (see explanation and chart on reverse). <sup>3</sup> Benefits received from policy not included in policyowner's taxable income.

*Long Term Care Insurance  
products underwritten by  
Genworth Life  
Insurance Company*

<sup>1</sup> Current tax law generally allows deductibility of qualified long term care insurance premiums paid for traditional policies covering an individual, his or her spouse, and dependents (when paid for by the individual taxpayer or received in connection with employment). Premiums paid for life insurance policies or annuity contracts that have qualified long term care insurance riders are not deductible as accident and health insurance premiums. If paid by an employer, the premium is fully taxable to the employee/policyholder.

<sup>2</sup> IRC Sec. 162(l)(1)(B).

<sup>3</sup> IRC Sec. 162(l)(1)(B), Rev. Rul. 91-26, 1991-15 I.R.B. 23

This material only discusses the federal income tax treatment of long term care insurance. Consult with a qualified tax advisor for advice on including Long Term Care Insurance in compensation and benefits planning.