Long-Term Care insurance: Tax Breaks for C Corporations

Besides protecting against long-term care (LTC) costs, long-term care insurance (LTCi) offers tax breaks for employees and owners (please read disclosure footnote at the bottom of the page).

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Did you know that: If a C-Corporation pays for tax-qualified LTCi policies for employees and employees' tax dependents:

1) Premiums are ***fully*** **tax-deductible for the corporation**
2) Premiums are ***not*** **included in employee's W-2s,** hence are not taxable to the employee
3) Benefits are ***not*** taxable (except in ***very*** rare situations with indemnity policies)
4) On LTCi premiums, businesses don't pay Social Security (6.2%) and Medicare (1.45%), additional Medicare tax for high-income employees (0.9%) and unemployment or state disability insurance.
5) Employees also don't pay Social Security and Medicare tax.
6) Employers can choose to buy LTCi for only selected employees (and spouses)

These rules apply to businesses that pay income taxes **directly** to the Federal government. C-Corporations are the most common type. **Professional Corporations or Personal Service Corporations** can elect to be treated identically.

Executives and their spouses are more likely to need LTC, to need it longer and to spend more each month on care. The impact on caregivers is significant. Consider the impact on your business if relatives of employees need LTC.

We share our understanding of the tax laws solely to help people determine whether tax issues are significant to a decision regarding buying LTCi. If tax issues are significant, you should rely on the advice of your tax professional.

Replace my wording with your wording

Let Uncle Sam contribute to the cost of your and your spouses future LTC costs.

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