

# Tax Advantages for Business Owners

Depending on the tax structure of your business, there may be significant tax savings when you use business dollars to purchase long-term care insurance.

The Tax Advantages of Long-Term Care Insurance	
<b>For Self-Employed Business Owners</b> <ul style="list-style-type: none"> <li>• Sole Proprietor</li> <li>• Partnership</li> <li>• LLC</li> <li>• S Corporation</li> </ul>	<p><b>Eligible premium</b> may be tax deductible when the business purchases long-term care insurance policies for:</p> <ul style="list-style-type: none"> <li>• Owner</li> <li>• Spouse</li> <li>• Dependents</li> </ul> <p><b>Actual premium</b> may be tax deductible when the business purchases long-term care insurance policies for:</p> <ul style="list-style-type: none"> <li>• Employees</li> </ul>
<b>For Owners of C Corporations</b>	<p><b>Actual premium</b> may be tax deductible when the business purchases long-term care insurance policies for:</p> <ul style="list-style-type: none"> <li>• Owner/Employee</li> <li>• Spouse</li> <li>• Dependents</li> <li>• Employees</li> </ul>

## Tax-Deductible Premiums

Current tax laws may allow you to deduct either the **actual premium** or **eligible premium** paid on a tax-qualified long-term care insurance policy.

- **Actual premium** is the actual amount you pay in premium for a long-term care insurance policy
- **Eligible premium** is an amount determined annually by the federal government based on the medical care components of the Consumer Price Index

Eligible Premium Guidelines for 2021	
At age:	You can deduct:
40 and younger	\$450
41-50	\$850
51-60	\$1,690
61-70	\$4,520
71 and older	\$5,640

Source: IRS Revenue Procedure 2020-45

## Tax-Free Benefits

The benefits paid by a tax-qualified long-term care insurance policy are intended to be tax free as long as they do not exceed the greater of:

- Qualified long-term care daily expenses, or
- The per-day limitation, which is \$400 in 2021

Source: Section 7702B of the Internal Revenue Code (IRC)

The information provided is not intended to be tax advice. Consult your tax advisor to determine the tax benefits for your business.



**NOTE:** Certain employees are governed by the Employee Retirement Income Security Act of 1974 (ERISA) when “sponsoring” a long-term care program (i.e., paying a portion of the premium, endorsing or promoting solicitation of the coverage during work hours, etc.). Whether ERISA applies to your employee benefit program depends on your unique situation. Therefore, Mutual of Omaha will not determine whether your business must comply with ERISA. Please consult your tax advisor or other qualified professional.

In addition to ERISA, many state regulations also have limitations which would require compliance for employers with as few as five employees. Federal and state laws should be evaluated to determine limitations for employer groups. Again, a tax advisor should be consulted. Our long-term care insurance policy premium rates are gender-based (except for MT). Therefore, it is not designed to be compliant with ERISA or Title VII or similar state laws and generally is not appropriate for an employer sponsored plan. Please consult a legal or tax advisor or other qualified professional for more information.

Long-term care insurance is underwritten by Mutual of Omaha Insurance Company, 3300 Mutual of Omaha Plaza, Omaha NE 68175. 1-800-775-6000. Policy form: ICC13-LTC13. This policy has exclusions, limitations and reductions, and terms under which the policy may be continued in force or discontinued. Benefits may be provided by a combination of the policy and riders and are subject to underwriting. Premium rates may increase. A medical exam may be required for coverage. For costs and complete details of coverage, call your agent/producer or write to the company.

**This is a solicitation of insurance. You may be contacted by telephone by an insurance agent/producer.**