



Long Term Care University

Long Term Care University – Question of the Month

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Q: We read ‘Tax Benefits of Hybrid Life and Long Term Care Insurance Versus Hybrid Life Insurance with Care Riders 2024’ Part 1 and Part 2. Can you give examples of the tax benefits for employers, employees and individuals?

The Problem – Maze of Tax Benefits on Hybrid Life and Long Term Care Insurance Policies

Offering an attractive benefits package can be a key element in attracting and retaining the highest quality employees. While a single premium may be the best premium method in some circumstances, it may not be ideal in other circumstances.

The Solution – A Side by Side Comparison of Hybrid Life and Long Term Care Insurance Policies Tax Benefits

By examining policies on a side-by-side basis, we can see how the type of business, type of business owner, type of employee or paying as an individual can impact tax benefits of various policies. The table below examines Hybrid Life and Long Term Care Insurance (HLTC) policies with a base or acceleration (BoA) and a continuation or extension (CoE) for policies with clearly defined CoE premiums. Hybrid Life Insurance policies with Care Riders (HCR) do not offer tax advantages beyond receiving the benefits on tax free basis. With a 10-Pay premium, employers gain golden handcuffs to retain employees and gain 10 years of tax benefits. With a 10-Pay premium, individuals and owners of businesses that are not C Corporations can gain 10 years of tax benefits.

Tax Benefits for Businesses, Business Owners, Employees and Individuals

With **Lincoln MoneyGuard Fixed Advantage**, C corporations, other businesses and individuals cannot gain tax advantages.

With **Nationwide Care Matters II**, C corporations can expense \$6,139 for Bill and \$5,250 for Sue – even if Bill and Sue are owners. Other businesses can expense \$1,760 for Bill and \$1,760 for Sue if both are owners. Other businesses can expense \$6,139 for Bill and \$5,250 for Sue if neither are owners. If Bill and Sue purchased policies on their own, they can each deduct or pay from an HSA \$1,760.

With **Nationwide Care Matters Together**, C corporations can expense \$15,004 for Bill and Sue combined – even if Bill and Sue are owners. Other businesses can expense \$15,004 for Bill and Sue combined if neither are owners. Other businesses can expense \$1,760 for Bill and \$1,760 for Sue if both are owners. If Bill and Sue purchased policies on their own, they can each deduct or pay from an HSA \$1,760.

With **OneAmerica State Life Asset Care with Inflation Protection**, C corporations can expense \$15,541 for Bill and Sue combined – even if Bill and Sue are owners. Other businesses can expense \$15,541 for Bill and Sue combined if neither are owners. Other businesses can expense \$1,760 for Bill and \$1,760 for Sue if both are owners. If Bill and Sue purchased policies on their own, they can each deduct or pay from an HSA \$1,760.

With **OneAmerica State Life Asset Care without Inflation Protection**, C corporations can expense \$9,697 for Bill and Sue combined – even if Bill and Sue are owners. Other businesses can expense \$9,697 for Bill and Sue combined if neither are owners. Other businesses can expense \$1,760 for Bill and \$1,760 for Sue if both are owners. If Bill and Sue purchased policies on their own, they can each deduct or pay from an HSA \$1,760.

With **Securian Minnesota Life SecureCare III**, C corporations can expense \$4,902 for Bill and \$5,884 for Sue – even if Bill and Sue are owners. Other businesses can expense \$1,760 for Bill and \$1,760 for Sue if both are owners. Other businesses can expense \$4,902 for Bill and \$5,884 for Sue if neither are owners. If Bill and Sue purchased policies on their own, they can each deduct or pay from an HSA \$1,760.

Hybrid Life and Long Term Care Insurance Company and Product Name	Policy Owner - Age	10-Pay Premium	Amount of Premium C Corporations Can Expense for Owners Employees and Employees' Spouse	Amount of Premium Other Businesses Can Expense for Owners	Amount of Premium Other Businesses Can Expense for Employees and Employees' Spouse	Amount of Premium Individuals Can Deduct by Itemizing or Pay from an HSA
Lincoln MoneyGuard Fixed Advantage	Bill - 55	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0
	Sue - 55	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0
Nationwide CareMatters II	Bill - 55	\$ 10,000	\$ 6,139	\$ 1,760	\$ 6,139	\$ 1,760
	Sue - 55	\$ 10,000	\$ 5,250	\$ 1,760	\$ 5,250	\$ 1,760
Nationwide CareMatters Together	Bill - 55	\$ 20,000	\$ 15,004	\$ 1,760	\$ 15,004	\$ 1,760
	Sue - 55	Combined	Combined	1,760	Combined	1,760
OneAmerica State Life Asset Care with Inflation	Bill - 55	\$ 20,000	\$ 15,541	\$ 1,760	\$ 15,541	\$ 1,760
	Sue - 55	Combined	Combined	1,760	Combined	1,760
OneAmerica State Life Asset Care without Inflation	Bill - 55	\$ 20,000	\$ 9,697	\$ 1,760	\$ 9,697	\$ 1,760
	Sue - 55	Combined	Combined	1,760	Combined	1,760
Securian Minnesota Life SecureCare III	Bill - 55	\$ 10,000	\$ 4,902	\$ 1,760	\$ 4,902	\$ 1,760
	Sue - 55	\$ 10,000	\$ 5,884	\$ 1,760	\$ 5,884	\$ 1,760

Action Step – Offer Long Term Care Insurance as a Company Benefit to Employees and Take Advantage of Tax Benefits

Whether you are a sole proprietor, the benefits director of a mid sized LLC or the CEO of a multi-national corporation, implementing long term care insurance as an employee benefit can have tremendous qualitative and quantitative benefits. Individuals can deduct premiums and pay premiums through an HSA. Request your insurance consultant provide you with quotations from multiple vendors before choosing a plan.

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