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*Wealth Management from a Biblical World View since 1978*

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## ~ Affording Long-term Care Insurance ~



Here we are already in January of a new year, which among other things, means that tax season is right at our doorstep. One of the interesting phenomena about our tax system – for better and for worse - is how our lawmakers can use tax law to encourage or discourage certain objectives. By offering various tax credits or deductions for individuals who meet certain criteria; our lawmakers encourage certain actions on the part of its citizens. One such example of this is in the area of *long-term care insurance*. By making increased provisions in the tax law for the deductibility of LTC

insurance premiums, our lawmakers are encouraging individuals to take increased personal responsibility for their potential long-term care needs. Consider the following information and how this may be relevant to you for as you file your tax return.

The IRS announced recently that the deductibility limits for qualified long-term care insurance premiums will be increased for 2011. The allowable deductions for LTC insurance premiums have risen steadily over the years. What is interesting about this year’s announcement however is that the deduction limit has increased without any accompanying increase in Social Security payments. This is one indication that the government recognizes that it cannot pay the bill for individuals’ long-term care, and is thereby *encouraging Americans to take personal responsibility for their future long-term care needs*.

Below are the new deductible limits for eligible long-term care premiums under Section 213 of the Internal Revenue Code. One important item to note is that Long-Term Care Insurance premiums are considered a medical expense. As such, they are *only deductible for individuals who itemize their deductions*, and then only to the extent that the total medical expenses exceed 7.5% of the individual’s Adjusted Gross Income.

Attained Age Before The Close Of 2011	Tax-deductible Annual LTC Premiums
More than 50 but not more than 60	\$1,270
More than 60 but not more than 70	\$3,390
More than 70	\$4,240

We find that the potentially tax-deductible status of qualified LTC premiums is something that is often overlooked by insurance and financial professionals. If you are paying LTC premiums, we recommend that you speak with us to see how these limits may apply to your specific situation.

**Be sure to purchase this protection before age 65 while it’s still affordable. We can provide quotes from several solid insurance companies. Please let us know if we can help.**