



GenworthSM
Financial

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BUSINESS PREMIUM GRID LONG TERM CARE INSURANCE

Premium paid by	For benefit of	Deductibility of Premium	Premium includable as income	Taxability of benefits when received
Individual	Individual and Spouse	<ul style="list-style-type: none"> Subject to 7.5% of AGI and age – based eligible amounts. IRC sec 213(a), for individuals that itemize. On joint return, AGI is based on combined incomes. The age-based limits for both husband and wife can be used. 	<ul style="list-style-type: none"> Yes, it is paid for with after-tax dollars. 	<ul style="list-style-type: none"> Benefits are treated as amounts received for personal injuries and sickness, and treated as reimbursement for expenses incurred. IRC sec 7702B(a)(1) Benefits not included as income. IRC sec 104(a)(3), IRC sec 105(b), IRC sec 7702B(a)(2)
Sole Proprietor	Sole Proprietor, Spouse	<ul style="list-style-type: none"> Can deduct 100% subject to age-based eligible amounts. IRC sec 162(1) Not available if eligible to participate in any other employer subsidized plan, including that of a spouse's employer. IRC sec 162(1)(2)(C) 	<ul style="list-style-type: none"> Yes. Premium paid is treated as income to the sole proprietor; Can deduct subject to age and limit amounts. IRC sec 213(d)(1)(D). 	<ul style="list-style-type: none"> Same as above.
Sole Proprietor	Employee and Spouse	<ul style="list-style-type: none"> Coverage is treated as accident and health insurance. IRC sec 7702B(a)(3). Is deductible to employer. Subject to reasonable comp rules. IRC sec 162(a) 	<ul style="list-style-type: none"> No, IRC sec 106(a). 	<ul style="list-style-type: none"> Same as above.
Employee – paid by voluntary payroll deduction	Employee and Spouse	<ul style="list-style-type: none"> Same as for Individual, above. May not be paid through cafeteria plan. IRC sec 125(f) 	<ul style="list-style-type: none"> Yes, it is paid for with after tax dollars. 	
Partnership	Partner and Spouse	<ul style="list-style-type: none"> Same as for Sole Proprietor, above. Premium can be deducted by Partnership. IRC sec 162 	<ul style="list-style-type: none"> Partner picks up premium paid as income. IRC sec 61 Can deduct subject to age and limit amounts. IRC sec 213(d)(1)(D) 	<ul style="list-style-type: none"> Same as above.

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Long Term Care Insurance
Underwritten by
General Electric
Capital Assurance
Company, and in
New York by
GE Capital Life
Assurance Company
of New York.

Premium paid by	For benefit of	Deductibility of Premium	Premium includable as income	Taxability of benefits when received
Partnership	Employee and Spouse	<ul style="list-style-type: none"> Partnership deducts 100% of premium subject to limits of IRC sec. 162. 	<ul style="list-style-type: none"> No, IRC sec 106(a). Yes, it is paid for with after-tax dollars. Employer withholds premium and remits to insurance company. 	<ul style="list-style-type: none"> Benefits are treated as amounts received for personal injuries and sickness, and characterized as reimbursement for expenses incurred. IRC sec 7702B (a)(1) Benefits not included as income. IRC sec104(a)(3), IRC sec 105(b), IRC sec. 7702B(a)(2)
"EE" paid by voluntary payroll deduction.	Employee and Spouse	<ul style="list-style-type: none"> Same as for Individual, above. May not be paid through IRC sec. 125 cafeteria plan. 		
"C" corp	Stockholder and Spouse – employees that are actively at work.	<ul style="list-style-type: none"> Treated as any other employee as long as accident and health plan is for employees. If not, could be treated as a dividend. <i>Bogrne, Inc vs Comm, TC Memo 1968-147, et al.</i> Corporation can deduct 100% of premium. 	<ul style="list-style-type: none"> No, treated as any other employee. IRC sec 106(a) 	<ul style="list-style-type: none"> Same as above.
"C" corp	Employee and Spouse	<ul style="list-style-type: none"> Corporation deducts 100% of premium. 	<ul style="list-style-type: none"> No, IRC sec 106(a). 	<ul style="list-style-type: none"> Same as above.
"EE" paid by voluntary payroll deduction	Employee and Spouse	<ul style="list-style-type: none"> Same as for Individual, above. May not be paid through IRC sec. 125 cafeteria plan. 	<ul style="list-style-type: none"> Yes, it is paid for with after-tax dollars. Employer withholds premium and remits to insurance company. 	
"S" corp	Stockholder and Spouse	<ul style="list-style-type: none"> Only stockholders with greater than 2% ownership interest. Corporation deducts 100% of premium subject to limits of IRC sec. 162. 	<ul style="list-style-type: none"> Stockholder/ employee picks up as income. IRC sec 61. Same as a Partner. Subject to age-based eligible limits. IRC sec 213 (d)(1)(D) 	<ul style="list-style-type: none"> Same as above.
"S" corp	Employee and Spouse	<ul style="list-style-type: none"> Corporation deducts 100% of premium. Includes stockholders with less than 2% ownership interest. 	<ul style="list-style-type: none"> No, IRC 106(a) 	<ul style="list-style-type: none"> Same as above.
"EE" paid by voluntary payroll deduction	Employee and Spouse	<ul style="list-style-type: none"> Same as for Individual, above. May not be paid through IRC sec. 125 cafeteria plan. 	<ul style="list-style-type: none"> Yes, it is paid for with after-tax dollars. Employer withholds premium and remits to insurance company. 	
"LLC"	Member (owner) Employee	<ul style="list-style-type: none"> Company deducts 100% of premium. 	<ul style="list-style-type: none"> Same as for S corp. stockholder, above. 	<ul style="list-style-type: none"> Same as above.
"LLC"	Employee and Spouse	<ul style="list-style-type: none"> Same as for S corp. employee and spouse. 	<ul style="list-style-type: none"> No, IRC sec 106(a) 	<ul style="list-style-type: none"> Same as above.
"EE" paid by voluntary payroll deduction	Employee and Spouse	<ul style="list-style-type: none"> Same as for Individual, above. May not be paid through IRC sec. 125 cafeteria plan. 	<ul style="list-style-type: none"> Yes, it is paid for with after-tax dollars. Employer withholds premium and remits to insurance company. 	

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