

## Exploring Long-Term Care Insurance

by Elizabeth Q. Boehmcke, J.D.

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Long-term care insurance can be a vital part of managing your wealth, protecting your family's inheritance, and maintaining your independence as much as possible. Not everyone is aware that long-term care services are generally not covered by private health insurance and that programs run by the government have many rules and limitations that may come as an unpleasant surprise when you are suddenly faced with a need for long-term care. As a result, long-term care insurance is designed to help you maintain yourself in your own home longer or to give you more choices if a care facility is required to meet your needs. It allows your family more freedom from the daily stresses of care-giving than might otherwise be possible if all your long-term care needs must be met out-of-pocket. Given the increasing importance of long-term care insurance to Americans, it is nice to know that the government is giving us certain income tax breaks with respect to certain long-term care insurance policies (known as tax-qualified long-term care insurance or "QLTCi).

For individuals, QLTCi premiums are considered a medical expense subject to certain age-based limits. The older you are, the larger the premium you can deduct. Of course, you can only deduct those medical expenses that exceed 10% of your adjusted gross income. In any event, the policy benefits received by you are received income tax-free. In addition, if you have a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA), you can use your tax-free money in those accounts to pay QLTCi premiums, subject to age-based limits. Flexible Spending Accounts cannot be used to pay for long-term health insurance.

For businesses, the news is equally good. An employer who contributes to the premium cost of a QLTCi policy for employees generally receives a 100% tax deduction for that contribution. In addition, the employer contribution towards these premiums is not considered income to the employee and the policy benefits are received income tax free at the time of claim. Although these rules apply somewhat differently to pass-through entities (such as partnerships, LLCs, and S-corporations) and to sole proprietorships, tax favorable results are still available. In a pass-through entity, premiums paid by the entity on behalf of an employee are 100% deductible for the business and are not considered income by the employee; however, an owner-employee does recognize the premium payment as income but is allowed a 100% deduction on the individual income

## Exploring Long-Term Care Insurance – Cont'd

tax return, not limited by the 10% AGI requirement. Similar treatment to the owner-employee of a pass-through entity is accorded to sole proprietors. Finally, long-term care insurance is one of the few benefits not subject to the rules on nondiscrimination and therefore can be used to carve out special benefits for key employees or company retirees.

Hook Law Center specializes in assisting people with their long-term planning. We are well-versed in assisting you to identify your needs and goals and in helping you achieve them. If long-term care insurance is a missing piece of your long-term plan or to [learn more](#) about how long-term care can be a valuable benefit for your business, visit <http://www.hooklawcenter.com/> or call 757-399-7506.



### Talking Dogs?

**Hook Law Center:** Kit Kat, will dogs soon learn to talk?

**Kit Kat:** Well, not in the usual sense, but there is a device on the horizon that may indeed enable dogs to "talk." The Nordic Society for Invention and Discovery is working on something called "No More Woof." You've got to hand it to them. These scientists definitely have a sense of humor. Anyway, it is a headset that will interpret a dog's brainwaves and translate them into speech--not exact speech, but select from some pre-programmed phrases that express basic emotions. For example, thoughts about hunger or happiness, could be translated into "I'm hungry, and this looks good" or "I'm hungry, but this food looks terrible."

These scientists have blended technology capability in 3 areas: EEG sensing, micro-computing, and special brain-computer software to design a headset that will "talk" for the dog or whatever other animal is desired. We cats might not like something on our heads that makes noise, but that's another issue. Speech in English will be done first, but later there are plans for devices which speak Putonghua (official language of the People's Republic of China) , French, and Spanish.

There are still some kinks to resolve--like how to attach the sensors to the dog's brain, but they are confident all can be worked out. Stay tuned for this fascinating development! You and your pet may be soon be able to converse in ways you never dreamed!

(<http://gma.yahoo.com/talking-dog-device-ready-hit-market-soon-163302793--abc-news-to...2/27/2014>)

## Upcoming Events

- Andrew Hook will be presenting a live webinar on POAs, AMDs and the Ethics of It All in Charlottesville, VA on **April 10, 2014**. This webinar will be hosted by Virginia Continuing Legal Education.
- Shannon Laymon-Pecoraro, an attorney at Hook Law Center, is a member of the advisory board of the Hampton Roads Chapter of the American Parkinson Disease Association. Please visit our website if you have any questions about this event on **April 12, 2014**.
- Andrew Hook will be speaking at Westminster Canterbury, 3100 Shore Drive, Virginia Beach, VA on **April 16, 2014 at 10:00 AM**. For more information, please contact Westminster Canterbury at (757) 496-1100 or Hook Law Center at (757) 399-7506.
- Andrew Hook will be speaking at the newly renovated Parsons Residential Care Center, 1005 Deep Creek Blvd., Chesapeake, VA on **April 24, 2014 at 6:00 PM**. For more information, please contact Parsons Residential Care Center at (757) 487-0487 or Hook Law Center at (757) 399-7506.
- Shannon Laymon-Pecoraro will be attending the National Association for Medicare Set Aside (NAMSAP) Conference in Las Vegas, NV on **May 8-9, 2014**.
- Andrew Hook will be speaking at the Virginia Benefits Program Organization (BPRO) Spring Conference on **May 8, 2014** in Williamsburg, VA. Mr. Hook, Natalie Hale, CECC and Jennifer Woods-Pagano, CECC will be attending the three-day conference.
- Andrew Hook will be speaking on Financial Services Long-Term Care Insurance at the National Academy of Elder Law Attorneys (NAELA) Conference on **May 16, 2014** in Scottsdale, AZ. Mr. Hook will be attending the two-day conference.



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