

***Assisted Living
Medical Tax Deduction***

(Interview Notes)

***Sponsored by
AgeSong***

February, 2012

A WORD OF CAUTION

The information and observations contained in this seminar may be subject to varied interpretations by various professionals. Each Senior consumer should seek independent advice and counsel from their own professionals - obtaining second opinions on this important matter.

The information provided in this presentation can be found in IRS Publication 502

SIX IMPORTANT PLANNING CONCERNS

1. Affordability
2. Current Cost of Living Misconceptions
3. Inflation Concerns
4. Depressed Investment Returns and Savings Rates
5. Health Care Cost Misconceptions
6. Leaving a Financial Legacy

Options available at AgeSong at Bayside Park and other AgeSong Assisted Living and Senior Communities can address these important planning issues.

ASSISTED LIVING MEDICAL TAX DEDUCTION

THE BIG PICTURE

I. Basic Premise

The full monthly service fee (shelter, services and care) may be a tax deductible medical expense above the exclusion of 7.5% of a Seniors adjusted gross income.

II. Impact

An effective after-tax cost savings of approximately 12% to 20% for Seniors with annual incomes of \$40,000 or higher.

In IRS Publication 502, “Medical and Dental Expenses” (Year 2011 version), states that:

“You can include in medical expenses the cost of medical care in a nursing home, home for the aged or similar institution for yourself, your spouse or your dependents. This includes the cost of meals and lodging in the home if a principal reason for being there is to get medical care. Do not include the cost of meals and lodging if the reason for being in the home is personal.”

(Emphasis added)

IRS Publication 502 further defines the typical situation as involving a chronically ill individual (again, emphasis has been added):

“An individual is chronically ill if, within the previous 12 months, a licensed health care practitioner has certified that the individual meets either of the following descriptions:

- He or she is unable to perform at least two activities of daily living without substantial assistance from another individual for at least 90 days, due to a loss of functional capacity. Activities of daily living are eating, toileting, transferring, bathing, dressing and continence.***

Or

- He or she requires substantial supervision to be protected from threats to health and safety due to severe cognitive impairment.”***

TYPICAL SITUATION 2011 & BEYOND

Typical Assisted Living

Monthly Service Fee

\$5,500/mo

Full Tax Deduction As A Function of

Resident's Marginal Tax Bracket: Assisted Living

- 10% \$550/month
- 12% \$660/month
- 15% \$825/month

**Senior Living Can Be A
Prudent Financial Planning
Strategy For Today's
Senior Consumer**

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