Long-Term Care Insurance

2012 TAX GUIDE

UNDERSTANDING THE RULES GOVERNING PREMIUM PAYMENTS AND POLICY BENEFITS

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Prudential Long-Term Care Insurance

2012 Tax Treatment—Quick Facts

Premiums Paid By Entity

Federal Income Tax Treatment

	Sole Proprietorship	C Corporation	S Corporation	Partnership	LLC
Tax treatment of premiums paid for employees	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee
Tax treatment of premiums paid for owner/ employees	Eligible premium deductible above the line*	Fully deductible to entity, not taxable to employee	> 2% owner— eligible premium deductible above the line*; all others fully deductible to entity, not taxable to employee	Eligible premium deductible above the line*	Eligible premium deductible above the line*
Premium Paid by	Sole Proprietor	Corporation	Corporation**	Partnership	LLC
Reported as income to employee/owner	N/A	N/A	W-2 wages to >2% owner	Scheduled K-1, guaranteed income	Reporting depends on whether elected Corp or Partnership status
Tax treatment of premiums paid for employee's spouse***	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee	Fully deductible to entity, not taxable to employee
Tax treatment of premiums paid for owner/ employee's spouse***	Eligible premium deductible above the line*	Fully deductible to entity, not taxable to employee	> 2% owner—eligible premium deductible above the line*; all others fully deductible to entity, not taxable to employee	Eligible premium deductible above the line*	Eligible premium deductible above the line*
For more information, page in brochure	7	4	8	6	4

* Above the line—treated as an adjustment to gross income on the Individual Income Tax Return Form 1040 (i.e., before itemized deductions) for sole proprietor, partner, LLC shareholder, >2% S Corp shareholder.

** Under IRS Notice 2008-1, the IRS will also allow the same treatment for premiums paid by the shareholder/employee and reimbursed by the S Corporation.

*** Based on federal law definition of spouse. Different rules apply to same sex spouses and civil union partners.

2012 Eligible Premiums:

- age 40 or below $ 350
- age 41 through 50 $ 660
- age 51 through 60 $1,310
- age 61 through 70 $3,500
- age 71 and above $4,370

Premiums Paid By Individuals With After-Tax Dollars

Federal	Premium payments for tax-qualified LTC policies are considered unreimbursed medical expenses up to the amount of age-based eligible premium. An individual may include his or her annual eligible LTC Insurance premium in the amount of unreimbursed medical expenses for the year. The amount of unreimbursed medical expenses that exceed 7.5% of the individual's AGI is federally tax deductible as an itemized deduction for income tax purposes. These expenses must exceed 10% of the individual's AGI for Alternative Minimum Tax (AMT) purposes.
State	Please refer to pages 9-12 for a list of state-specific tax incentives regarding LTC Insurance premiums.

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PULL-OUT SECTION

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Impact Of Account Funding

Health Savings Accounts (HSA) vs. Health Reimbursement Accounts (HRA) vs. Medical Savings Accounts (MSA) vs. Flexible Spending Accounts

	Health Savings Accounts	Health Reimbursement Accounts	Medical Savings Accounts	Flexible Spending Accounts
Overview	A tax-exempt trust or custodial account created exclusively to pay for qualified medical expenses of the account holder/ employee and his or her spouse or dependents.	An employer funded account that reimburses employees for qualified medical expenses.	A tax-exempt trust or custodial account with a financial institution in which the account holder/employee can save money for qualified medical expenses.	A cafeteria plan under Section 125 of the Internal Revenue Code. Three components of an FSA: 1. Health Insurance premium 2. Qualified medical expenses 3. Dependent care expenses
Who funds the account?	Employer, employee, family member or all can establish.	Employer only.	Employer or employee, but not both.	Typically the employee only. There are certain instances whereby an employer can contribute some dollars.
Who owns the moneys in these accounts?	The employee.	The employer.	The employee, partner or individual.	Employee has use of money during the year, however, the money reverts back to the employer at the end of claim submittal period.
What is the tax treatment of contribution?	Employee contributions are tax deductible. Employer contributions are excludable from gross income and not subject to employer taxes.	Employer contributions are generally excludable from employee's gross income.	Employee contributions are tax deductible. Employer contributions are excludable from gross income and not subject to employer taxes.	Employees pay no federal, Social Security or (in most states) state taxes on FSA contributions. Employers pay no FICA tax on FSA contributions.
Can funds be used to pay for long-term care coverage?	Yes, premiums for long-term care insurance are reimbursable up to amount of age-based eligible premium.	Yes, premiums for long-term care insurance are reimbursable up to amount of age-based eligible premium.	Yes, premiums for long-term care insurance are reimbursable up to amount of age-based eligible premium.	No, Section 125 specifically excludes long-term care insurance.

Taxation of LTC Insurance Policy Benefits

Benefits received from "reimbursement-model" tax-qualified LTC policies are generally excluded from income. (See page 8 for a description of taxation on LTCi policies that pay benefits on a "fixed periodic" or "per diem" basis.)

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Special Pull-Out Section: Tax Treatment Quick Facts

The Taxability of Long-Term Care Insurance

The following information provides an overview of the impact of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) on the taxability of qualified Long-Term Care (LTC) Insurance policies. HIPAA provided a tax incentive for individuals to take financial responsibility for their long-term care needs. This information is based on The Prudential Insurance Company of America's interpretation of federal tax law. It is provided for informational purposes only and should not be construed as tax advice. Please consult your own tax advisor for advice regarding your particular circumstances.

- Premium payments may be made by both the employee and the employer. There are no limits on the amount an employer may contribute as premiums for its employee's LTC Insurance policy. These premium payments are treated as medical expenses and will be tax deductible to the employer.
- Premiums paid by the employer on behalf of an employee will be excluded from the employee's gross income. (If an individual received reimbursement under multiple LTC policies there may be different tax results).
- Benefit amounts paid to an employee under a qualified LTC Insurance policy are generally excluded from their gross income. (If an individual received reimbursement under multiple LTC policies there may be different tax results).
- Premium payments made by an employee may be deductible for individuals if itemized medical expenses exceed 7.5% of their Adjusted Gross Income (AGI), subject to these limits. (Note that in 2013, the floor for claiming a medical expense deduction increases to 10% of AGI for taxpayers under age 65. For those 65 and older, the increase is scheduled to go into effect in 2017.

Attained Age of the Individual Before the Close of Taxable Year	Maximum Tax-Deductible Premiums (2012)
40 or below	$350
41 through 50	$660
51 through 60	$1,310
61 through 70	$3,500
71 and above	$4,370

(Note: These amounts are subject to change each year.)

- LTC Insurance is not permitted under a Section 125 Cafeteria Plan. If LTC Insurance is provided through a Flexible Spending Arrangement, the amount of premium payments is generally included in an employee's gross income.
- Premium payments are tax deductible by a self-employed individual, subject to the limits on deductions for health insurance by the self-employed.
- Long-term care is an acceptable expenditure for the new medical savings accounts that are available to self-employed and small businesses with fewer than 50 lives.

Example 1
Contributory Arrangement

Example 1
An employer pays a portion of the premium and the employee pays the remainder for a qualified LTC Insurance policy.
Annual premium $2,400
63-year-old individual
Unreimbursed medical expenses of $6,000 (excluding LTC Insurance premium)
Adjusted Gross Income is $60,000
Employer contributes $700
Employee contributes $1,700

How are employer premium payments treated?

The employer receives the same treatment for the portion of LTC Insurance premium payments it pays as it would if it paid the entire amount. Therefore, the employer gets a full deduction for the premium paid by the employer (in this example, $700) on behalf of its employee (regardless of the age-based limit shown in the introduction).

In the case of Sub-S Corporations and Limited Liability Companies (LLCs), the employer may deduct the full premium it pays for employees, including owner/employees (2% shareholders for Sub-S Corp. and for LLCs), for their services. The portion of the premium payment paid by the employer for owner/employees is included in their income. (See pages 4 and 8.)

The $700 employer premium payment for the LTC policy is excluded from the employee's income. The $1,700 employee premium may be added to medical expenses for a total of $7,700 ($6,000 + $1,700). The employee may then be entitled to a deduction for unreimbursed medical expenses of $3,200 [$7,700 – (7.5% x 60,000)]. Please see Example 4 for possible limits on the employee's deduction of LTC Insurance premium.

Self-employed

Those individuals who are self-employed (including partners, LLC members and 2% shareholders of a Sub-S Corporation) would have AGI increased to $60,700 for the employer-provided LTC Insurance coverage of $700. The potential deduction available is limited to $3,500 for an employee age 61-70, which is higher than the total premium paid.

For 2012, a self-employed individual could take 100% of $2,400 (the total paid), reducing AGI to $58,300. A deduction could then be taken to the extent the unreimbursed medical expense of $6,000 exceeds $4,373 (7.5% x $58,300). Therefore, an additional expense of $1,627 ($6,000 – $4,373) would be permitted.

How are benefits taxed?

Benefits received are generally excluded from income as long as the insured is chronically ill (as defined by the Internal Revenue Code) and the benefits are used for qualified long-term care services (e.g., nursing home, home care, personal care and maintenance services).

NOTE: Benefits received on a "per diem" basis may be taxed differently and are discussed in another section.

Example 2
Corporation (C Corporation or entity with a 501 Trust providing coverage to its employees)

Example 2
Annual premium payment of $2,400
63-year-old individual
Unreimbursed medical expenses of $6,000
Adjusted Gross Income (AGI) is $60,000

How are employer premium payments treated?

A corporate employer (as defined above) may deduct all premium payments paid for LTC Insurance coverage for its employees (including spouses and dependents) as a general business expense, since it is considered accident and health coverage. The deduction applies to the total amount of premium payments made, even in excess of the age-based limits.

There is no requirement that LTC Insurance be provided by the employer on a non-discriminatory basis. The premium payments are deductible whether the coverage is provided under a group policy or under individual policies.

Are those premium payments excluded from the employee's income?

Premium payments made on behalf of the employee are generally excluded from their income.* The income exclusion applies to the full amount of an employer's premium payment, even if the cost exceeds the age-based limit on deductibility for individuals. This is provided in Internal Revenue Code Section 106.

How are benefits taxed?

The benefits received under employer-provided qualified LTC Insurance are generally excluded from income as long as the insured is chronically ill (as defined by the Internal Revenue Code) and the benefits are used to pay for qualified long-term care services (e.g., nursing home, home care, personal care and maintenance services).

NOTE: Benefits received on a "per diem" basis may be taxed differently and are discussed in another section.

Example 3
Limited Liability Company

A Limited Liability Company (LLC) is treated as a partnership for purposes of these rules. Therefore, an LLC may deduct LTC Insurance premium payments on behalf of its employees. Moreover, owners of an LLC who render services may be entitled to deduct LTC Insurance premium payments made on their behalf, under the partnership rules. Such members of an LLC would be allowed the same limit (in 2012) on health insurance deductions as partners and those who are self-employed.

*Different tax rules apply for employer paid premiums on behalf of a same sex spouse or civil union partner.

Example 4
Individual who purchased a qualified Long-Term Care Insurance policy

Example 4 Chart A
Annual premium payment of $2,400
58-year-old individual
Unreimbursed medical expenses of $6,000 (excluding LTC Insurance premium)
Adjusted Gross Income (AGI) is $60,000

How are the premium payments treated?

Subject to the limits below, as well as other limits on itemized deductions, the unreimbursed medical expenses and LTC Insurance premium may be deductible to the extent they exceed 7.5% of AGI.

Example 4 Chart B	
Attained Age of the Individual Before the Close of Taxable Year	**Maximum Tax-Deductible Premiums (2012)**
40 or below	$350
41 through 50	$660
51 through 60	$1,310
61 through 70	$3,500
71 and above	$4,370

(Note: These amounts are subject to change each year.)

First, determine the maximum LTC Insurance premium deduction for the individual's age bracket ($1,310). That amount plus the $6,000 of unreimbursed medical expenses ($7,310 in total) is deductible to the extent that the total exceeds 7.5% of AGI (or $4,500). In this case, $2,810 is the itemized medical deduction ($6,000 + $1,310 – $4,500).

How are benefits taxed?

Benefits received are generally excluded from income as long as the insured is chronically ill (as defined by the Internal Revenue Code) and the benefits are used for qualified long-term care services (e.g., nursing home, home care, personal care and maintenance services).

NOTE: Benefits received on a "per diem" basis may be taxed differently and are discussed in another section.

Example 5

A partnership purchases a qualified Long-Term Care Insurance policy for non-partner employees and partners who perform services

Example 5
Annual premium payment of $2,400
63-year-old individual
Unreimbursed medical expenses of $6,000 (excluding LTC Insurance premium)
Adjusted Gross Income is $60,000

How are premium payments treated?

A partnership may deduct any premium payments for LTC Insurance for its employees (and their spouses and dependents) using the same rules outlined for corporations.

If a partnership contributes to LTC Insurance coverage (or other accident and health coverage) for partners (including spouses and dependents) who render services, the premium payments are treated as a distribution to the partners and the partners may deduct such amounts allowed up to the limit (in 2012).

The amount of premium payments attributable to each partner is included in that partner's income and reported by the partnership on each partner's K-1.

The partnership is treated as distributing the full $2,400 paid on behalf of a partner and $2,400 should be included in the insured partner's income. The partner may count $2,400 as eligible for the deduction available to the self-employed. (See Example 1.)

Therefore, the partner may take a deduction of $2,400. The unreimbursed medical expenses of $6,000 may be deducted to the extent they exceed 7.5% of AGI.

While the amount of premium payments is included in the partner's total income, the deduction for the self-employed would leave AGI unchanged at $60,000 ($60,000 + $2,400 – $2,400). The deduction for the remaining unreimbursed medical expenses would then be $1,500 [$6,000 – ($60,000 x 7.5%)]. The total deduction is $3,900 ($2,400 + $1,500).

How are benefits taxed?

Benefits received are generally excluded from income as long as the insured is chronically ill (as defined by the Internal Revenue Code) and the benefits are used for qualified long-term care services (e.g., nursing home, home care, personal care and maintenance services).

NOTE: Benefits received on a "per diem" basis may be taxed differently and are discussed in another section.

Example 6
Self-employed person who purchased a qualified Long-Term Care Insurance policy with after-tax dollars

Example 6
Annual premium payment of $2,400
63-year-old individual
Unreimbursed medical expenses of $6,000 (excluding LTC Insurance premium)
Adjusted Gross Income is $60,000

How are the premium payments treated?

A self-employed person may deduct a percentage of the premium payments paid for accident and health insurance (including those premiums for spouse and dependents) without regard to the 7.5% threshold discussed in the introduction. LTC Insurance is considered accident and health insurance, therefore, the deduction for self-employed persons applies to the premium payments.

For LTC Insurance premium payments, the self-employed deduction is limited to the age-based annual premium maximum shown in the first example for individuals.

Using the above criteria, this individual may deduct $2,400 in 2012 under Internal Revenue Code Section 162(l) without regard to whether medical expenses exceed the 7.5% AGI threshold.

How are benefits taxed?

Benefits received are generally excluded from income as long as the insured is chronically ill (as defined by the Internal Revenue Code) and the benefits are used for qualified long-term care services (e.g., nursing home, home care, personal care and maintenance services).

NOTE: Benefits received on a “per diem” basis may be taxed differently and are discussed in another section.

Example 7
Sub-S Corporation

A Sub-S Corporation is treated as a partnership for the purpose of these rules. Therefore, a Sub-S Corporation may deduct LTC Insurance premium payments paid on behalf of its owners (defined as a shareholder who owns more than 2% of stock) or its employees. Greater than 2% of shareholders of Sub-S Corporations are subject to the same limits on health insurance deductions as partners and the self-employed.

Fixed periodic (or "per diem") payments

Qualified Long-Term Care Insurance policies which provide benefits on a "per diem" basis, that is, the provision of a predetermined specified amount of dollars on a periodic basis, regardless of how much the long-term care provider(s) charges for its services, are treated differently for tax purposes than reimbursement policies. The tax-free receipt of "per diem" benefits is limited, so that policyholders will be taxed on the amount of benefits which exceeds the greater of:

- $310 per day (for 2012) ($113,460 annually; indexed for inflation)
- The amount of qualified long-term care expenses incurred by the insured

Only benefits paid under a policy specifically to reimburse actual expenses are not subject to the cap. Payments made on a cyclical or even lump-sum basis will be considered periodic payments subject to the cap. If the periodic payments exceed the cap, the benefit amounts in excess of the cap will be included in income.

If a policyholder receives benefit payments under multiple policies, the taxable amount of benefits received will be the excess of total benefits received over the greater of the above limits.

Examples:

An insured receives $315 per day in benefits. In 2012, only $310 is excludable from income. However, if the employee can show that $315 of expenses were actually incurred, the entire amount received may be excludable.

A policy pays an insured $6,300 for a 20-day period of chronic illness. The actual expenses were $6,200 or less ($310 x 20). The insured will have $100 taxable income.

States with tax incentives for long-term care insurance

The information contained in the tax incentive chart that follows (starting on page 10) reflects state tax incentives in effect as of the date of the chart's publication, and may not reflect recent changes in state law.

This information is not tax advice. Neither Prudential nor its financial professionals provide tax or legal advice.

PLEASE NOTE:
In several states, the starting point for computation of state taxable income is Federal Adjusted Gross Income.

Hence, while the state statute does not specifically identify deductions for long-term care insurance, the federal benefit is passed through to the state level for self-employed individuals, partners, LLC shareholders and >2% S corporation shareholders.

Tax Incentives By State

State	Legal Authority	Description of Incentives
Alabama	Ala. Code §27-47-2; Reg. §810-3-15.26	The premiums paid for a long-term care insurance contract are deductible if the contract meets specific requirements.
Arizona	Arizona Code §43-102	Allows some deductions as permitted on federal return for adjustment to gross income, i.e., deduction for self-employed, partner, MSA account, etc.
Arkansas	Reg. §1.26-51-423(a)(2)	Long-term care insurance premiums may be deductible as medical expenses when such premiums are paid towards "qualified" long-term care insurance as defined under federal law.
	Reg. §1.26-51-423(a)(1)	Self-employed can deduct 80% of premiums paid on schedule C for "qualified" long-term care insurance as defined under the federal law.
California	Cal. Rev. & Tax Code §17201	Tax deduction for the purchase of qualified long-term care insurance premiums, covering an individual, with certain limitations — conforms to federal provisions.
Colorado	Col. Rev. Stat. §39-22-122	State income tax credit equal to 25% (up to $150 per policy) of long-term care insurance by individuals with income less than $50,000 ($100,000 for joint returns if claiming credit for two policies or a joint policy).
District of Columbia	DC Official Code §47-1803.03	Deduction for premiums paid up to a maximum of $500 per year per individual, regardless of filing status.
Hawaii	Haw. Rev. Stat. §235-2.4	Establishes an individual state tax deduction for long-term care insurance premiums parallel to tax deductions allowed under federal law.
Idaho	Idaho Code §63-3022Q	Allows an individual taxpayer to deduct 100% of the cost paid for long-term care insurance for themselves and dependents for taxable years beginning on or after January 1, 2004.
Indiana	Ind. St. Ann. §6-3-1-3.5	Income tax deduction for long-term care insurance premiums paid for the benefit of an individual or spouse.
Iowa	Iowa. Admin. Code §701-40.48(422)	Premiums for long-term health insurance for nursing home coverage are eligible for a tax deduction to the extent that the premiums for long-term health care services are eligible for the federal itemized deduction for medical and dental expenses.
Kansas	Kan. Stat. Ann. §79-32, 117(c)(xvi)	Allows for a deduction of premium costs for qualified long-term care insurance up to a cap of $1,000 for years 2010 and after.
Kentucky	KRS §141-010	Excludes from income tax any amounts paid for long-term care insurance.
Maine	Me. Rev. St. 36 §5122(2)(L); 36 §2513; 36 §2525; 36 §5217-C	A person paying premiums for a long-term care policy contract which is certified by the superintendent shall qualify for an income tax deduction under Title 36, section 5122. Insurance companies offering long-term care policies certified by the superintendent shall qualify for reduced tax on premiums collected under Title 36, section 2513. An employer providing long-term care benefits to employees may qualify for a tax credit provided by Title 36, section 2525 or 5217-C.

Tax Incentives By State

State	Legal Authority	Description of Incentives
Maryland	Md. Tax. Code §10-710	Tax credit for costs incurred by employers that provide long-term care insurance as part of an employee benefits package. Regulations describing tax credit for employer-provided LTC insurance. Employer may claim credit of 5% of their costs to provide LTC insurance, up to the lesser of $5,000 or $100 times the number of participating employees.
	Md. Tax. Code §10-718	Gives credit against state income tax for LTC premiums if covered by TQ LTC after July 1, 2000. Credit capped at $500. Can claim 100% of premium for self, spouse, parents or children, up to $500 cap for each insured.
Minnesota	Minn. St. §290.0672; §290.01(6) Minn. St. §290.0672	Allows an individual tax credit for long-term care insurance premiums paid during the tax year. The credit is equal to the lesser of 25% of premiums paid to the extent not deducted in determining federal taxable income or $100. The maximum total credit allowed per year is $200 for married couples filing jointly and $100 for all other filers.
Mississippi	Ms. Code. Ann,. §27-7-22.33	A taxpayer shall be allowed a nonrefundable credit against the income taxes imposed under this chapter in an amount equal to twenty-five percent (25%) of the premium costs paid during the taxable year for a qualified long-term care insurance policy with a maximum credit of $500. A credit is not permitted for any amounts that were deducted in arriving at taxable income.
Missouri	Mo. Rev. St. §135.096	Allows an individual tax deduction equal to 100% of premiums paid for qualified long-term care insurance which are non-reimbursed and are not included in an individual's itemized deductions.
Montana	Mont. Code. Ann. §15-30-2131	Allows for a tax deduction on premiums paid for long-term care insurance coverage for the benefit of the taxpayer, or the taxpayer's parents or grandparents.
Nebraska	Ne. Rev. Stat. §77-2716	Allows a deduction for the amount of annual contributions made to a Nebraska Long-Term Care Savings Plan account with a participating financial institution. The maximum annual deductible contribution is $1,000 for a single, head-of-household, or married-filing-separate return, or $2,000 for a married-filing-joint return.
New Jersey	N.J. Stat. §54A:3-3	Allows a deduction for medical expenses, including long-term care premiums, only to the extent they exceed 2% of gross income.
New Mexico	N.M. Stat. Ann. §7-2-35	Allows deduction for premiums paid as part of unreimbursed or uncompensated medical expenses. Deduction is limited based upon income level.
New York	N.Y. Tax Law §606(aa)	Provides for a tax credit for 20% of premium payments made to a long-term care insurance policy, provided the policy is approved by the superintendent of insurance.

Tax Incentives By State

State	Legal Authority	Description of Incentives
North Carolina	N.C. G.S. §105-151.28(a)	Subject to income limits based on Adjusted Gross Income (AGI), a credit is available equal to 15% of the premium costs for long-term care insurance. Maximum credit is $350 per year. Provision sunsets after 2013.
North Dakota	N.D. Cent. Code §57-38-29.3	A credit against an individual's tax liability is provided for the amount of premiums paid during the year by the taxpayer for qualified long-term care partnership plan insurance coverage for the taxpayer and/or taxpayer's spouse. The maximum credit allowed in any year is $250 for each insured individual.
Ohio	Ohio. Rev. Stat. Ann. §5747.01(A)(11)	Allows an individual tax deduction for the purchase of long-term care insurance.
Oklahoma	68 Okl. Stat. §2353	Allows same deduction for state purposes as allowed under federal law.
Oregon	Or. Rev. Stat. §315.610	Establishes an income tax credit of lesser of 15% or $500 of premiums paid by individual for long-term care insurance covering the individual or a dependent or parent. Allows employers a credit of $500 per employee for which long-term care insurance was purchased.
Virginia	Va. Code. Ann. §58.1-322	Provides a deduction, from Federal Adjusted Gross Income in calculating Virginia taxable income, for long-term care insurance premiums for individuals who do not claim a similar deduction on their federal tax returns or tax credit under 58.1-339.11.
	Va. Code. Ann. §58.1-339.11	Provides a credit of 30% of long-term care premiums paid for the first 12 months of coverage. Prior to 2012, this credit was 15%.
West Virginia	W. Va. Code §11-21-12c	Allows taxpayers to deduct from Federal Adjusted Gross Income, for state tax purposes, the cost of premiums paid for qualified long-term care insurance purchased for the taxpayer, the taxpayer's spouse, the taxpayer's parent or other dependent, to the extent that such deduction is not allowed for federal income tax purposes.
Wisconsin	Wis. Stat. §71.05(6)	A subtraction from Federal Adjusted Gross Income is allowed when computing Wisconsin Adjusted Gross Income for the amount paid by a person for a long-term care insurance policy for themselves or their spouses and not previously deducted in calculating Federal Adjusted Gross Income.

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The examples used in this document are hypothetical and are shown for illustration purposes only. They do not constitute a ruling by the Internal Revenue Service. This should not be construed as tax advice. Consult your financial advisor or tax consultant regarding tax advantages. The information contained in the tax incentive chart (on pages 10-12) reflects state tax incentives in effect as of the date of the chart's publication, and may not reflect recent changes in state law. This information is not tax advice. Neither Prudential nor its financial professionals provide tax or legal advice.

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