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## LTC Update

### 2009 The Year in Review

*By Vivian P. Gallo, CLU, CSA, AEP, CLTC\**

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#### COMPANY/PRODUCT NEWS:

- Prudential's LTC Evolution product rolled out 03/02/09 for both Individual and Multi-Life sales. This new product is the newer generation of simplified, easy to understand LTCI products. LTC Evolution is NOT a replacement for Prudential's traditional LTC3 product with its comprehensive full scope of benefit options.
- John Hancock launched Custom Care II Enhanced on 04/01/09 in several states. Custom Care II Enhanced includes a CPI inflation option, caregiver support services, and consumer protection provision in addition to current Custom Care II riders and benefits.
- Mutual of Omaha's latest product launch, Mutual Care Plus, became available as of 07/01/09. The product features a cash benefit, single premium option, monthly benefits, calendar day elimination, and more.
- In the Fall of 2009, TransAmerica's re-entered the LTCI market with its new TransCare LTCI product. The highlights of the new plan include: a 40% Spousal Discount (even in NY!); 3 to 5 year Rate Guarantee (depending on state); Single Pay (most states - not NY); Built-In 0 Day Elimination Period for Home Care; 10% Preferred Health Discount; 30% Cash Alternative Benefit; 10 Pay & to age 65 payment options and multiple underwriting classes depending on the state.
- Allianz exited the LTCI market, discontinuing their LTCI product effective 11/13/09.
- Med America announced a rating downgrade from AM Best to B, with stable outlook. The downgrade was due to a loss of \$16m Med's investment portfolio due to stock market instability.
- **Multi-Life Changes:**  
Genworth Life Insurance Company launched **Long Term Care Business Solutions**, a next generation worksite-based long term care insurance platform in February 2009. Long Term Care Business Solutions is a flexible multi-life program that offers employers a practical way to provide affordable, comprehensive long term care coverage to employees and their families. It is available to as few as three employees or as many as 500.

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**It's Tax Time Once Again So, Remember:**

- ◆ *Since 2004, NY State has allowed a 20% tax credit for the payment of premiums on all tax-qualified policies.*
- ◆ *Mark your tax records and advise your accountant if you purchased LTCI for the first time in 2009!*

<b>Maximum Deductions for Tax-Qualified Long Term Care Insurance Premiums Under IRS Revenue Procedures*</b>		
<b>Attained Age Before Close of Year</b>	<b>2009</b>	<b>2010</b>
71 and older	\$3,980	\$4,110
61 to 70	\$3,180	\$3,290
51 to 60	\$1,190	\$1,230
41 to 50	\$600	\$620
40 or under	\$320	\$330

Per diem benefits received on a tax-qualified policy are tax free up to \$280 for the year 2009 (7702(d) (4)). If you receive per diem benefits above \$280, they may be taxed as income, unless your actual long-term care expenses were also above \$280. (The per diem will increase to \$290 for 2010).

**THE NEW YORK STATE PARTNERSHIP –  
MINIMUM BENEFITS INCREASE ON JANUARY 1, 2008**

<b>Minimum Benefit</b>	<b>2009*<sup>1</sup></b>	<b>2010</b>
<b>Nursing Home Daily Benefit Amount</b>	\$218	\$229
Daily Benefit Amount for Home Health Care (i.e., 50% of Nursing Home benefit)	\$109	\$ 115

\*<sup>1</sup> Since most long term care insurers offer coverage in \$10 increments, for 2010 the Minimum Nursing Home Daily Benefit will be rounded up to \$230.00 with the Home Health Care Benefit at \$115.00.

\* Vivian P. Gallo is a CLU (Chartered Life Underwriter), Certified Senior Advisor (CSA), and Accredited Estate Planner, (AEP) and has Certification in Long-Term Care (CLTC). She is a long term care planner specializing in long term care insurance. She is not a tax consultant or attorney, however, and cannot provide tax or legal advice. Please consult your accountant, tax preparer or attorney on all tax planning and legal matters.

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**LTCI TIDBITS:**

- **Most insurers reward those who apply for long-term care insurance when they are in good health with discounts that are locked-in even when their health changes.**
- **Long-term care planning pays because things can change tomorrow, IT'S SMART TO ACT TODAY!**

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