



## Employer Discount Programs

When one of your employees needs long-term care, or must provide care to an aging or disabled loved one, it may put your business at risk because it can have a great impact on your bottom line. You may not notice the cost immediately, but over time it can add up.

If an employee is providing care for someone at home it is almost as if they have another full-time job. It may affect your business in the following ways:

- Decline in productivity
- Decreased willingness to relocate or travel for work
- Not able to work full-time or must resign
- Motivation and morale are compromised
- Interruptions during the day to handle phone calls or emergencies
- Being absent more often
- Increased stress resulting in higher healthcare insurance utilization
- Increased absences from work
- Replacement costs if/when employee resigns

Long-term care insurance is one of the most sought after employee benefits. There are tax incentives for employers who purchase long-term care insurance on behalf of their employees. Employers can pay for all the coverage, part of the coverage, or have employees pay all the cost. Oftentimes, employers are willing to fund part of the plan and allow employees to purchase additional coverage.

If you are a small business owner, here are some ways that long-term care insurance could benefit your company.

## **Benefits For Employers**

Recent healthcare legislation makes qualified long-term care insurance policies more tax-advantaged for both employers and employees. Employers that pay for long-term care insurance may be eligible for favorable tax treatment. However, the exact tax consequences vary depending on the structure of the business -- sole proprietor, partnership, LLC, C-Corporation, etc.

- Employer-paid LTC premiums for employee, spouse, and retiree coverage may be deducted as a business expense
- Employers can cover defined classes of workers, making it possible to offer as an executive carve-out
- Premiums are not classified as taxable income to employees
- Benefits are not considered taxable income to the insureds and their families
- Benefits are 100% tax-free to the employees whether the employee or the employer pays the premium
- Premiums currently cannot be included in a Section 125 "cafeteria" plan
- Additional discounts on premiums
- Streamlined underwriting requirements

## **Advantages For Employees**

When an employer offers long-term care insurance to their employees it helps provide the following benefits:

- Financial security, responsibility and freedom
- Preserve retirement accounts and savings
- Ability to keep job
- Employer-paid premiums not taxable as income
- Employee-paid premiums may be deductible as a medical expense
- Long-term care benefits are not taxable
- The coverage is fully portable
- Ability to receive high quality care for themselves and their families

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