

## Income from 1099-LTC

<input type="checkbox"/> CORRECTED (if checked)				
PAYER'S name, address, city, state, and ZIP code <b>WE CARE INSURANCE CO</b>  <b>1596 BROADWAY</b> <b>FAIRVIEW KY 42221</b>		1 Gross Long-Term care benefits paid <span style="font-size: 24pt; font-weight: bold;">2018</span> \$18,000.00	<b>Long-Term Care and Accelerated Death Benefits</b>	
PAYER'S federal identification number 28-5XXXXXX		2 Accelerated Death benefits paid	Form 1099-LTC	
POLICYHOLDER'S identification number 315-00-XXXX	INSURED'S taxpayer identification no. 315-00-XXXX		<b>Copy B For Recipient</b>  This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
POLICYHOLDER'S name, address, city, state, and ZIP code <b>YVONNE E THOMPSON</b> <b>30911 BARD ROAD</b> <b>YC YS YZIP</b>		INSURED'S name, address, city, state, ZIP <b>YVONNE E THOMPSON</b> <b>30911 BARD ROAD</b> <b>YC YS YZIP</b>		
Account number (see instructions)	4. Qualified contract (optinal) <input checked="" type="checkbox"/>	5. (optional) <input checked="" type="checkbox"/> Chronically ill <input type="checkbox"/> Terminally ill		Date certified 01/23/2018
Form <b>1099-LTC</b>				

Here is some info about the form:

Instructions for Policyholder: A payer, such as an insurance company or a viatical settlement provider, must give this form to you for **payments made under a long-term care insurance contract or for accelerated death benefits**. Payments include those made directly to you (or to the insured) and those made to third parties. A long-term care insurance contract provides coverage of expenses for longterm care services for an individual who has been **certified by a licensed health care practitioner as chronically ill**. A life insurance company or viatical settlement provider may pay accelerated **death benefits if the insured has been certified by either a physician as terminally ill** or by a licensed health care practitioner as chronically ill. Long-term care insurance contract.

**Generally, amounts received under a qualified long-term care insurance contract are excluded from your income. However, if payments are made on a per diem basis, the amount you may exclude is limited.** The per diem exclusion limit must be allocated among all policyholders who own qualified long-term care insurance contracts for the same insured. See Pub. 525, and Form 8853 and its instructions for more information.

Per diem basis. This means the payments were made on any periodic basis without regard to the actual expenses incurred during the period to which the payments relate.

Accelerated death benefits. Amounts paid as accelerated death benefits are fully excludable from your income if the insured has been certified by a physician as terminally ill. Accelerated death benefits paid on behalf of individuals who are certified as chronically ill **are excludable from income** to the same extent they would be if paid under a qualified long-term care insurance contract.

**Very simple to file— Search for Form 8853 and scroll to the bottom— see next page for a sample one completed**

In this example, Form 1099-LTC Box 1 listed \$18,000 of benefits paid. Client was in nursing facility and was chronically ill for 95 days. All monies received went to pay for the cost of the care in the facility. The client did not receive any reimbursement from anyone.

## Long Term Care (LTC) Insurance Contracts

Policy holder of LTC contract

Spouse ▾

SSN of insured \*

415 - 00 - 1234

First name of insured \*

YVONNE

Last name of insured \*

THOMPSON

Check here if anyone other than you received payments on a per diem basis under a qualified LTC insurance contract covering the 'Insured' listed above OR if anyone other than you received accelerated death benefits under a life

Check here if the "Insured" was a terminally ill individual.

If "Yes" and the only payments received during the year were accelerated death benefits that were paid to you because the insured was terminally ill, skip the rest of this section.

Gross LTC payments received on a per diem basis

For all Forms 1099-LTC (received with respect to the "Insured") that have "Per Diem" checked in Box 3, add the amounts listed in Box 1. Enter the total here.

\$ 18000

Portion of "Gross LTC payments" above that was from qualified LTC insurance contracts

Usually shown in Box 1 of Form(s) 1099-LTC

\$ 18000

Costs incurred for qualified LTC services provided for the insured

\$ 18000

Accelerated death benefits received on a per diem

\$

Total reimbursements received or that you expect to receive

Box 3 of Form 1099-LTC should indicate whether the payments were made on a reimbursement basis.

Number of days in the LTC period

95

\$

Now your client's case may be different than this, but this CLIENT received \$18,000, it was all from LTC contracts, she was in LTC sick for 95 days, the costs incurred were \$18,000 and they have not been nor do they expect to receive any reimbursements.

This is now reported and does not affect income.

If not all was used for LTC or part was reimbursed, then that portion gets taxed.