

# Tax-advantaged dollars for long-term care

Key employee coverage and C corporation owner/employee

Thanks to SecureCare Universal Life's unique premium structure, you can help employees implement a long-term care (LTC) strategy that allows them to use corporate dollars to protect personal assets on a tax-advantaged basis. This strategy also works with prospects who are C corporation owners/employees.

## How it works<sup>1</sup>

### Company creates a valid class<sup>2</sup> of employees

XYZ Company creates a valid class of employees that will receive LTC coverage. The class includes Chetna, a senior vice president, and XYZ's other top executives. XYZ pays the SecureCare premiums, but each member of the valid class owns their individual policy.



#### Chetna, age 60

\$100,000 SecureCare policy  
 \$20,000 annual premium for 5 years

Chetna	Minimum death benefit <sup>3</sup>	Monthly LTC benefit	Total LTC benefits available
Day 1	\$50,887	\$2,120	\$173,064
Age 80	\$100,000	\$5,626	\$459,192



## Contact us today

to customize a proposal that helps address a prospect's top LTC concerns:

**1-888-900-1962**

(Independent Distribution)

**1-877-696-6654**

(Securian Financial and Broker-Dealer)

1. This is a hypothetical example for illustrative purposes only.

2. Please note: It's important to work with your client's tax and legal professional to create a valid class of employees and a document outlining the agreement and terms of the plan providing the benefit.

3. Minimum amount paid income tax free to Chetna's beneficiaries if she dies before she needs LTC. The amount paid will be reduced by any terminal illness benefit payments, premium due, partial surrenders and any indebtedness.

## Company tax implications

Each employee's SecureCare premium is fully deductible, so XYZ will receive an annual business tax deduction of \$20,000 for 5 years for Chetna's premium.

## Chetna's individual tax implication

There are two parts to a SecureCare premium: the portion that goes towards the life insurance and the portion that goes towards the tax-qualified LTC agreements.

Annual premium	\$20,000	Tax implication
Face amount (base life insurance)	\$5,057	Included in income (life portion)
Total premium combined from all LTC agreements	\$14,943	Not included in income (LTC portion)

A C corp owner/employee can exclude the total LTC portion of the premium from their income, so only the life portion of the premium would be included<sup>5</sup> in their income. The company can deduct their full premium.

Chetna can **exclude the total premium combined from all LTC agreements from her income** - only the life portion of the premium would be included.<sup>4</sup>

## The power of cumulative exclusions



Company

SecureCare

Employee  
Owner/employee of C corporation

### XYZ: company tax implication of premiums for Chetna

Total tax deduction over 5 years	<b>\$100,000</b>
----------------------------------	------------------

### Chetna: individual tax implication of premiums

Total amount included in income over 5 years	<b>\$25,285</b>
Total amount excluded from income over 5 years	<b>\$74,715</b>

4. A participant may have taxable income if they choose to exercise the policy's return of premium option because they do not have any basis in the LTC portion of the policy.

5. If a C corp owner/employee paid for the life portion of their premium using personal funds, they would not have to include it as income. If the company paid for the LTC portion of the premium, it could still be excluded from the owner/employee's income and deducted by the company.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

Insurance policy guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

SecureCare may not be available in all states. Product features, including limitations and exclusions, may vary by state.

SecureCare Universal Life Insurance includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Benefits Agreement are tax-qualified long-term care agreements that cover care such as nursing care, home and community based care, and informal care as defined in these agreements. These agreements provide for the payment of a monthly benefit for qualified long-term care services. These agreements are intended to provide federally tax-qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under these agreements may be taxable.

The death proceeds will be reduced by a long-term care or terminal illness benefit payment under this policy. Clients should consult a tax advisor regarding long-term care benefit payments, terminal illness benefit payments, or when taking a loan or withdrawal from a life insurance contract.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for, the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

These are general marketing materials and, accordingly, should not be considered investment advice or a recommendation that any particular product or feature is appropriate or suitable for any particular individual. These materials are based on hypothetical scenarios and are not designed for any particular individual or group of individuals (for example, any demographic group by age or occupation). The materials were prepared for financial professionals who are experienced in investment and/or insurance matters. As a result, they should not be reviewed or relied on by any other persons. Securian Financial Group, and its affiliates, have a financial interest in the sale of their products.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

Securian Financial is the marketing name for Securian Financial Group, Inc., and its affiliates. Minnesota Life Insurance Company and Securian Life Insurance Company are affiliates of Securian Financial Group, Inc.

**For financial professional use only. Not for use with the public.** This material may not be reproduced in any way where it would be accessible to the general public.

**Not a deposit – Not FDIC/NCUA insured – Not insured by any federal government agency – Not guaranteed by any bank or credit union – May go down in value**



INSURANCE  
INVESTMENTS  
RETIREMENT

[securian.com](http://securian.com)

400 Robert Street North, St. Paul, MN 55101-2098  
©2019 Securian Financial Group, Inc. All rights reserved.

F87549-103 Rev 8-2020 DOFU 6-2019  
840909