Business owner worksheet for LTC premium tax deductions

S corporations, partnerships, and sole proprietorships

The Internal Revenue Service (IRS) provides more generous tax advantages for business owners of pass-through entities who purchase tax-qualified long-term care (LTC) insurance through their business. These rules also allow the spouse of the business owner to be included.

Tax-qualified LTC premiums that are separate and identifiable may be deducted "above the line," up to age-based limits. Nationwide CareMatters® II and CareMatters Together® are tax-qualified linked-benefit LTC insurance policies designed with separate identifiable premiums. The life insurance premium is not deductible. However, the LTC Rider, Extension of Benefits Rider (EOB) and Inflation Protection Rider, if chosen, all meet the standard for tax-qualified LTC premiums, qualifying them to be tax deductible.

LTC premiums are deductible only in the tax year a premium is paid, and only up to age-based limits. Business owners wanting to capture more tax deductions may want to consider paying for their policy using a multiyear premium schedule.

The formula for calculating the allowable tax deduction for your LTC premium takes only a few steps. The numbers needed for this worksheet are on your illustration and your data pages.

Step 1: Identify the LTC premiums paid

- If you own CareMatters II®, fill in the amount of each LTC premium. If your spouse also has a policy, do a separate calculation for your spouse on another sheet. Once you have filled in the numbers, add them together and place that number under **Total Amount of LTC Rider Premiums**.
- If you own CareMatters Together®, the LTC premiums have already been added together, so you only need to find the **LTC premium** shown on the illustration or data pages and place that number below in the **Total Amount of LTC Rider Premiums**.

Note: If you're paying monthly premiums, multiply the monthly amount by the number of months you paid premiums during the tax year. The premium amount is level and won't change from year to year.

Premium type		Premium amount
Life insurance premium	N/A	N/A
LTC premiums	Long-Term Care Rider premium	$
	Extension of Benefits (EOB) Rider premium	$
	Inflation Protection Rider premium	$
	Total Amount of LTC Rider Premiums	**$**

Step 2: Find your age-based limit amount

Look for your attained age at the close of the tax year. Enter the amount that applies to your age.

Attained age at end of tax year	2024 limit	2025 limit
40 or less	$470	$480
41–50	$880	$900
51–60	$1,760	$1,800
61–70	$4,710	$4,810
71 plus	$5,880	$6,020
Amount applying to your age		**$**

Note: If you pay your premiums from a health savings account (HSA), they will not be deductible.

Step 3: Identify your tax deduction amount

Enter the amount that is **the lesser** of the number from Step 1 and Step 2. That amount is your allowable above-the-line tax deduction.

Your above-the-line tax deduction	**$**

Step 4: Place your above-the-line deduction on your tax form

The amount from Step 3 is the amount that qualifies as an above-the-line tax deduction for self-employed health insurance. If there is also a policy on your spouse, add your tax deduction to your spouse's tax deduction to arrive at your total allowable tax deduction. If you own CareMatters Together, the LTC premium is separated out for each individual and subject to each individual's age-based limit. Please add your tax deduction to your spouse's tax deduction to arrive at your total allowable tax deduction.

Your total allowable tax deduction is placed on Line 17 of Schedule 1 of IRS Form 1040.

Schedule 1 (Form 1040) 2024 Page **2**

Part II Adjustments to Income

11	Educator expenses	**11**	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106		
13	Health savings account deduction. Attach Form 8889		
14	Moving expenses for members of the Armed Forces. Attach Form 3903		
15	Deductible part of self-employment tax. Attach Schedule SE	**15**	
16	Self-employed SEP, SIMPLE, and qualified plans	**16**	
17	Self-employed health insurance deduction	**17**	
18	Penalty on early withdrawal of savings	**18**	
19a	Alimony paid	**19a**	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions):		
20	IRA deduction	**20**	

Insert the total allowable tax deduction on Line 17

Conclusion

Long-term care coverage is an important part of planning for retirement. Business owners have the added advantage of taking an above-the-line tax deduction for certain tax-qualified LTC premiums when the policy is purchased through the business. CareMatters II and CareMatters Together qualify for these tax deductions, and along with having cash indemnity LTC benefits, these policies can provide the flexibility and control for the kind of care you wish to have.

Nationwide®

Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

The financial professional or company may contact you in response to your request for additional information.

The information contained herein was prepared to support the promotion, marketing and/or sale of life insurance contracts, annuity contracts and/or other products and services provided by Nationwide Life and Annuity Insurance Company.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them make any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Nationwide CareMatters II and Nationwide CareMatters Together are cash indemnity products that pay LTC benefits when one or both of the insured persons are certified to have a qualifying condition and a need for LTC services. Bills and receipts showing actual expenses do not have to be submitted for payment of benefits once a claim has been approved. Each year, the policyowner can receive, tax free, the greater of the HIPAA per diem amount or actual LTC costs incurred. However, benefits may be taxable under certain circumstances.

Keep in mind that the payment of Long-Term Care Rider benefits, as an acceleration of the death benefit, will reduce both the death benefit and net surrender value of the policy. Additionally, loans and withdrawals will also reduce both the net surrender value and the death benefit. Care should be taken to make sure that life insurance needs continue to be met even if the rider pays out in full or after money is taken from the policy. There is no guarantee that the rider will cover the entire cost for all of the insureds' long-term care, as this may vary with the needs of each insured. One of the insureds may exhaust the entire long-term care benefit. Nationwide pays the long-term care benefit to the policyowner; there is no guarantee that the policyowner will use the benefit for long-term care expenses if the policy is owned by someone other than the insured.

The policy that this rider is attached to is noncancelable. This means that you have the right, subject to the terms of your policy, to continue your policy, provided you pay your scheduled premium on time. Nationwide cannot change any of the terms of your policy on its own and cannot change the scheduled premium.

When choosing a product, make sure that life insurance and long-term care insurance needs are met. CareMatters II and CareMatters Together are not intended to be a primary source of life insurance protection, so make sure that life insurance needs have been covered by appropriate products. Because personal situations may change (e.g., marriage, birth of a child or job promotion), so can life insurance and long term care insurance needs. Care should be taken to ensure that these strategies and products are suitable. Associated costs, as well as personal and financial objectives, time horizons and risk tolerance, should all be weighed before purchasing CareMatters Together. Life insurance, and long-term care coverage linked to life insurance, may have fees and charges associated with it that include the costs of insurance, which vary based on characteristics of each insured such as sex, tobacco use, health and age, and additional charges for riders that customize a policy to fit individual needs.

Nationwide CareMatters II and Nationwide CareMatters Together have exclusions, limitations, reductions of benefits and terms under which the product may be continued in force or discontinued. For more details on cost and coverage options, contact your financial professional.

Approval for coverage under the policy and riders is subject to underwriting and may require a medical exam.

Nationwide CareMatters II and Nationwide CareMatters Together may not be available in some states. Please contact Nationwide to determine product availability in your state.

Products are issued by Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

Federal income tax laws are complex and subject to change. The information in this memorandum is based on current interpretations of the law and is not guaranteed. Neither Nationwide, nor its employees, its agents, brokers or registered representatives give legal or tax advice. You should consult with your tax and legal advisors about your specific situation.

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