



*Professional Planning*  
PRESIDENT'S ADVISORY  
PANEL  
ON FEDERAL TAX REFORM  
LLC

2005 MAR 28 P 4: 03

March 8, 2005

The President's Advisory Panel  
on Federal Tax Reform  
1440 New York Avenue NW  
Suite 2100  
Washington, DC 20220

Category of submitter: Business

Dear Panel:

My husband and I work in the insurance industry. First, we would like to offer two personal examples of why Long-term Care insurance is so important and why incentives should be offered to encourage people to purchase long-term care insurance.

1. My brother-in-law is 60 years of age and we have just had to move him from an Assisted Living Facility (he has dementia) to a nursing home—NOT because he was in need of more services than offered by the assisted living facility but because he had exhausted his funds. Medicaid, as you know, does not cover Assisted Living Facilities. Therefore, Medicaid is now paying \$10,000+ per month for him in lieu of \$4500 for the Assisted Living Facility. My first argument is that the state is being very shortsighted by not bringing rules up to date and including Assisted Living Facilities in the benefits. What a huge savings that would be for the state. My second argument is that had there been an incentive for him to purchase long-term care insurance, the burden on the Medicaid program would have been alleviated.

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2. My Mom is 86 and my three siblings & I are struggling to keep her at home (she lives with my sister). Care giving has become a 24-hour job and if she needs to go to a nursing home it will be via the Medicaid system. Again, if the system were brought up to date and we could get some part-time help with her at home it would relieve the necessity of paying for a nursing home. Had there been a tax advantage on the purchase of LTC insurance, it is quite possible the four of us would have considered splitting the cost of an LTCi policy for her back when my Dad passed away.

Our own experiences are just two stories of many that we have seen and heard about. Our clients tell us of many more situations that back the importance of long-term care insurance. Our generation is struggling to help our parents as they are living longer but not necessarily healthier. If some type of help is not offered to allow us to protect and care for ourselves as we age, the system will be hit with far more expense than what would be lost by an above-the-line deduction for QLTCi.

You already give an above-the-line deduction to C Corps; S Corps and LLC's get some relief through HSA's. After people are no longer employed by these companies they will probably no longer be able to afford the premiums with after-tax dollars.....just at the time coverage may be needed. I also feel we should not be discriminating regarding an issue that will affect all of us—we all will grow old.

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In addition to my above views, I feel if Congressmen got the same perks that were available to the American public they would see things in a different light. How can they possibly understand the struggle if they are not a part of it?

Thank you for allowing me to share our stories. I hope you will take them into consideration as an above-the-line deduction is considered.

Sincerely,

A handwritten signature in cursive script that reads "Darlene McAllister".

Darlene McAllister, CLTC

cc: Senator Olympia Snowe  
Senator Susan Collins