

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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March 14, 2005

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

RE: Long Term Care Insurance above line deduction

Please consider allowing above line deduction for Long Term Care Premiums. The only way we can educate the public about the importance of Long Term Care planning and the important role that Long Term Care Insurance plays in this planning is to allow them to deduct the cost of long term care insurance. If the premium is tax deductible the public will become interested in learning more about the insurance similar to they way the public became educated about IRA's.

The public is still not aware of this insurance and the importance it has for protecting assets, maintaining choice and keeping the dignity of loved ones in time of crisis. The reason we have not allowed this deduction in the past is because of the lost tax revenue. The cost of putting people, both financially and emotionally, on Medicaid affects all of us. We are all aware of people that transfer their assets to family members with the intention to avoid paying for their long term care. Medicaid was established to help the poor but we all know there are many individuals that have transferred their assets so they could use the services that were intended for the poor.

Although it may be too late to help the existing elderly generation because of health issues and price we should feel obligated to educate the baby boomers and the only way to do this is to allow the above line deduction for long term care insurance. The baby boomer generation is now faced with college age children and elderly parents and they would be able to better manage their lives if they and their parents have long term care insurance.

I know of the following situations on a personal basis and if these families had long term care insurance it would have helped them in their time of crisis.

An Irish immigrant that worked three jobs to support and educate his family was unable to stay in an assisted living facility because the families' assets would not be able to carry him for more than two years. Instead he was placed in a nursing home where his assets were spent down until he died. After experiencing this situation with their father the children purchased a Long Term Care policy on their mother since they knew how valuable this insurance would be in the future.

A Jewish couple that were in the concentration camps moved to Canada after the war and had a very successful business until their health started to fail. They moved to the United States to be near their children and lived in an assisted living facility. They spent all the assets they had accumulated on their care and they were unable to leave any inheritance to their children or grandchildren. The family said that the only thing that made this situation bearable was that because of their mental health they were unaware of their financial situation and therefore they were unaware that nothing would be left to the family.

An elderly couple married 55 years can no longer afford the assisted living facility for the husband. The wife would visit daily but because assets are almost depleted they are moving the husband from New England to a less expensive facility in Florida to be near the son. The wife will remain in New England with the daughter and will probably not be able to visit her husband because of her health and age.

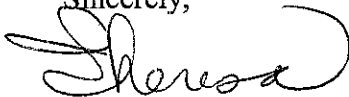
A daughter paid for round the clock care for her father in an assisted living facility (\$11,000 monthly) because her mother could not visit her husband in a nursing home environment. She felt that she had let him down by having to place him in a nursing home so the daughter paid for the care in the assisted living facility because the environment was much better than a nursing home and the mother could visit him in that facility.

What a difference Long Term Care Insurance would have made in the lives of the above individuals. If the public were better educated maybe the children would have purchased Long Term Care insurance on their parents so that they could have made the right choice for care while at the same time protecting their inheritance.

As members of this important advisory board I am assuming that you are educated in all the important features of a long term care insurance policy so that you are not making a decision just based on economics. This is insurance that can improve the quality of life for generations to come and the economic impact should not be measured by the possibility of lost taxes but the benefits that will come with educating the public about planning for their future.

I appreciate your request for public comments and please contact me if I can be of any assistance in passing this important piece of tax legislation.

Sincerely,



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