

News you can use

## Tax Deduction for Cost of Care

How would you like to save 13 to 20 percent on the cost of assisted living and dementia care? Ask your accountant, tax preparer or financial advisor about the benefits of deducting the complete assisted living service fee, including all shelter, services and care components, as allowed by IRS publication 502.

This IRS publication states that "you can include in medical expenses the cost of medical care in a nursing home or home for the aged for yourself, your spouse, or your dependents. This includes the *cost of meals and lodging in the home if the main reason for being there is to get medical care*".

Are our clients receiving "medical care"? IRS publication defines a chronically ill individual as "one who has been certified by a licensed health care practitioner within the past 12 months as:

"(1) Being unable for at least 90 days, to perform at least two activities of daily living without substantial assistance from another individual, due to loss of functional capacity. Activities of daily living are eating, toileting, transferring, bathing, dressing and continence."

"(2) Requiring substantial supervision to be protected from threats to health and safety due to severe cognitive impairment". Items one and two above has just described our typical client at the Alpine View Lodge. All of our clients receive assistance with at least three activities of daily living and most are dependent on the assistance of others for all of their ADLs. Additionally, we maintain a secured perimeter and provide supervision so that our clients do not pose a threat to their own health and safety as a result of actions they would otherwise take due to their dementia.

You can only deduct the amount of your medical and dental expenses that are more than 7.5 percent of your adjusted gross income. But most income-qualified seniors are already at that threshold deduction level because of current medical expenses (think prescription drugs, co-payments, adult diapers, home equipment, respite care, in home care, day care, etc). So the additional expense of your total monthly fee from the Alpine View Lodge as a deduction can have quite an impact on taxes.

Certification of their mental status indicating a dementia diagnoses can be found on our annual physician report signed by your elder's physician or from the doctor directly. Of course you should discuss this matter with your personal tax advisor or tax planner to receive independent, second opinion. Please direct them to IRS publication 502 as a reference to this potential tax savings.