

Financial benefits

Health care benefit

Bishop Spencer Place offers residents a health care benefit that provides a discount on future assisted living and skilled nursing care based on the resident's age when he/she moves into the community. This unique benefit is similar to a long-term care insurance policy for our residents if their care needs change and they move to a higher level of care.

This benefit is available along with the refundable portion of the entry fee, so if a resident moves to assisted living or skilled nursing at Bishop Spencer Place, he/she immediately will be able to draw funds from the refundable portion of his/her entry fee and also will be able to draw from the health care benefit (divided into equal monthly portions throughout a five-year period).

Health care benefit value (per person)

Under 75: \$90,000

\$1,500 per month for five years

Under 80: \$60,000

\$1,000 per month for five years

Under 85: \$30,000

\$500 per month for five years

Tax advantages

Current IRS regulations provide for deductions of medical expenses – both accrued and pre-paid in that tax year. This means that independent living residents at Bishop Spencer Place who pay an entry fee may be eligible to deduct a portion of that fee as a pre-paid medical expense, since the entry fee provides a health care benefit plus priority access to lifetime care at the community.

In addition, if residents move to the assisted living or skilled nursing areas of a life plan community, they also receive tax savings on their monthly service fee, as typically they can take a medical expense deduction for the entire amount paid to the community – even if portions of that fee relate to the cost of meals and lodging.

Medical expense tax deduction

Based on the \$90,000 Health Care Benefit (ages 70-74)

Males = \$23,000 | Females = \$67,000

Based on the \$60,000 Health Care Benefit (ages 75-79)

Males = \$16,000 | Females = \$44,000

Based on the \$30,000 Health Care Benefit (ages 80-84)

Males = \$9,000 | Females = \$21,000

The medical deduction is the lesser of the amount listed above, or the “non-refundable portion” of the entry fee. The non-refundable portion of the entry fee is defined as 10 percent of the Lifetime 90 percent Refundable Entry Fee or 100 percent of the 50-Month Refundable Entry Fee.

IRS regulations are subject to varied interpretations, so please consult your tax advisor regarding your specific tax circumstances.