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the good life, longer

Nebraska's Long-Term Care Savings Plan

A Division of the Nebraska State Treasurer's Office

One step Nebraskans can take to make sure they live the good life, longer, is to prepare for their future living needs through solid financial planning. The Long-Term Care Savings Plan, a division of the State Treasurer's Office, was created by the Nebraska Legislature in 2006 with just that purpose in mind.

It's a simple savings plan that allows Nebraskans to save up to \$185,850 without having to pay Nebraska income tax on the interest. The plan allows you to deduct contributions from your Nebraska income taxes, up to \$1,000 per person on an individual tax return or \$2,000 per couple on a joint tax return.

The Long-Term Care Savings Plan is one of many options available to you as you begin thinking about your future needs and how you will pay for the services and care to help you live the good life, longer.



Don Stenberg
Nebraska State Treasurer

Through Nebraska's Long-Term Care Savings Plan, you CAN LIVE the good life, longer, by

- Depositing up to \$185,850 per person, adjusted annually for inflation, into a tax-free savings account.
- Using the savings at any age for long-term care living needs, such as in-home or hospice care or care in an assisted living facility or nursing home.
- Using the savings for health maintenance activities, qualified home modifications, assistive technology, adult day care, or rehabilitation services if "the person receiving the care is unable to perform multiple basic life functions independently."
- After age 50, using savings to help offset the cost of premiums for long-term care insurance.
- Knowing money for your care will be there when you need it.

To Enroll in the Long-Term Care Savings Plan and live the good life, longer

- Call the State Treasurer's Office or go to our website at www.treasurer.org for more details.
- Consult with your insurance agent or financial advisor.
- Sign up at a participating financial institution; a list can be found at www.treasurer.org
- Ask your local financial institution to become part of the program if it isn't already participating.

Now Is the Best Time

It's never been more important to plan for your future living needs. Consider that more than 70 percent of people over age 65 will need long-term care at some time in their lives. Also consider that long-term care is not just for the elderly. In fact, 40 percent of people receiving long-term care are ages 18 to 64. And, contrary to common belief, Medicare and private health insurance do not pay for the majority of long-term care services that most people need.

Source: U.S. Department of Health and Human Services' Administration on Aging, 2011.

Rising Costs

Long-term care costs vary considerably depending on location, care needs, services, and payment method. The cost of nursing home care in Nebraska generally falls between \$185 and \$210 a day, totaling \$68,000 to \$76,000 a year. The cost of assisted living in Nebraska generally falls between \$90 and \$125 a day, amounting to \$33,000 to \$46,000 a year.

Source: Nebraska Health Care Association, 2011.



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Eligible participants

Any Nebraska resident.

Amount of savings

Up to \$185,850 per person for the life of the account, adjusted for inflation.

Type of account

Any savings or similar account selected by each participating Nebraska financial institution.

First steps

Ask your financial institution about how to open an account. If your financial institution is not participating, ask that it become a participating organization.

Required contribution

All contributions are voluntary.

Nebraska tax deduction

Annual \$1,000 deduction for individual return, \$2,000 deduction for joint return; earnings used for defined expenses are tax free. To be eligible for tax deduction, contributions must be made by December 31.

Qualified Use of funds

Long-term care expenses at any age or long-term care insurance after age 50 for the account holder, spouse, or other person in whom the account holder has an insurable interest are qualified uses of funds.

Penalties

Ten percent of total withdrawal for unqualified withdrawal.

Examples of permissible qualified uses of funds

Licensed nursing home or assisted living facility, in-home assistance, basic therapeutic care, health maintenance activities, home health services, qualified home modifications, assistive technology, adult day care, rehabilitation services, and respite and hospice care “if the person receiving the care is unable to perform multiple basic life functions independently.”

Long-Term Care Savings Plan Quick Facts

Nebraska's Long-Term Care Savings Plan
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