

SERFF Tracking Number: NWST-127184035 State: Arkansas
 Filing Company: Northwestern Long Term Care Insurance State Tracking Number: 48868
 Company
 Company Tracking Number: 90-2384 LTC (0411)
 TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified
 Product Name: 90-2384 LTC (0411)
 Project Name/Number: 90-2384 LTC (0411)/90-2384 LTC (0411)

Filing at a Glance

Company: Northwestern Long Term Care Insurance Company

Product Name: 90-2384 LTC (0411)

SERFF Tr Num: NWST-127184035 State: Arkansas

TOI: LTC03I Individual Long Term Care

SERFF Status: Closed-Filed-

State Tr Num: 48868

Closed

Sub-TOI: LTC03I.001 Qualified

Co Tr Num: 90-2384 LTC (0411)

State Status: Filed-Closed

Filing Type: Advertisement

Reviewer(s): Harris Shearer,
Stephanie Fowler

Authors: Mai Xiong, Cassandra
Hoefke

Disposition Date: 06/02/2011

Date Submitted: 05/24/2011

Disposition Status: Filed-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: 90-2384 LTC (0411)

Status of Filing in Domicile: Pending

Project Number: 90-2384 LTC (0411)

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Individual Market Type:

Overall Rate Impact:

Filing Status Changed: 06/02/2011

State Status Changed: 06/02/2011

Deemer Date:

Created By: Cassandra Hoefke

Submitted By: Cassandra Hoefke

Corresponding Filing Tracking Number:

Filing Description:

We are submitting the attached form for your review and approval, if necessary, as advertising material for the Long Term Care Policy and related forms which have been previously approved in your state.

The form included with this filing is a brochure that is intended for use by our agents to provide to potential clients. We are also including a Statement of Variability that describes bracketed information.

If you should have any questions regarding the enclosed form, you may call me at (414) 665-7195 or you can e-mail me at mai-baoxiong@northwesternmutual.com. On e-mails that are sent, please copy

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 cassandrahoefke@northwesternmutual.com.

Thank you,
 Mai Xiong
 Product Compliance Specialist

Company and Contact

Filing Contact Information

Mai Xiong, Product Compliance Specialist mai-baoxiong@northwesternmutual.com
 720 E Wisconsin Ave 414-665-7195 [Phone]
 Milwaukee, WI 53202 414-665-5006 [FAX]

Filing Company Information

Northwestern Long Term Care Insurance CoCode: 69000 State of Domicile: Wisconsin
 Company
 720 East Wisconsin Avenue Group Code: 860 Company Type: Long Term Care
 Rm S845 Group Name: State ID Number:
 Milwaukee, WI 53202 FEIN Number: 36-2258318
 (414) 271-1444 ext. [Phone]

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: \$50.00 Fee Per Advertising Form.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Northwestern Long Term Care Insurance Company	\$50.00	05/24/2011	47962499

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed-Closed	Stephanie Fowler	06/02/2011	06/02/2011

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Form Schedule

Lead Form Number: 90-2384 LTC (0411)

Schedule Item	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Filed-Closed 06/02/2011	90-2384 LTC (0411)	Advertising	Northwestern Long Term Care Insurance Company Tax Facts	Initial		0.000	90- 2384_LTC_(0 411)[1].pdf

Northwestern Long Term Care Insurance Company Tax Facts

The federal government has provided tax incentives for the purchase of long-term care insurance (LTCi) that meets certain guidelines regarding product features and consumer protection procedures. These products are referred to as “qualified” LTCi. This brochure addresses these types of policies.

LTCi premiums receive certain tax advantages described below. In many cases, these advantages are limited to eligible dollar amounts based on the insured’s age at the end of the calendar year. This amount is indexed each year for inflation. The eligible LTCi premiums for [2011] are as follows:

Attained Age	Eligible LTCi Premium ¹
40 or less	[\$340]
41 to 50	[\$640]
51 to 60	[\$1,270]
61 to 70	[\$3,390]
71 or more	[\$4,240]



FOR AN INDIVIDUAL OR COUPLE

Individuals are able to include the eligible LTCi premium with their unreimbursed medical expenses on Schedule A of their personal Form 1040 tax filing. They can include the premium paid for their spouse and/or dependent(s) also. This amount is deductible once it exceeds 7.5%² of adjusted gross income.

FOR THE SELF-EMPLOYED

Self-employed include sole proprietors, partners, members of a LLC, or more than 2%³ shareholders of an S corporation. They are able to include the eligible LTCi premium as a trade or business expense for themselves, their spouse and/or dependents.

FOR THE EMPLOYEE

Employees include non-owners, 2%⁴ or less shareholders of an S corporation, and shareholders of C corporations who are also employees of that C Corporation. LTCi premiums paid by an employer are excludable from employee’s income. The employer can also deduct the full LTCi premium as an expense as long as it is reasonable compensation.

ELIGIBLE EMPLOYEES

Employers may select a group of employees to receive the LTCi benefit. It is possible to discriminate but best to avoid groups based on gender, age, race and/or ownership status⁵.

LIMITED PAY PREMIUMS

Some LTCi policies are payable for a predetermined number of years, then no further premiums are due. Favorable tax treatment – premium deductibility and/or income exclusion – and the eligibility guidelines described above should also apply to limited pay premiums, although there is no express IRS guidance in this area.

1035 EXCHANGES

The Pension Protection Act of 2006 allows for tax-free 1035 exchanges from an annuity or a life insurance policy to pay long-term care insurance premiums.

HEALTH SAVINGS ACCOUNTS (HSA)

For those with a high deductible health care plan and an HSA, eligible LTCi premiums are generally considered a qualified medical expense withdrawal from the HSA.

¹For 2011, Revenue Procedure 2010-40

²I.R.C. § 213(a)

³I.R.C. § 1372(a)

⁴I.R.C. § 1372 and 318

⁵Department of Labor, ERISA Act of 1974; 29 CFR Part 2560.

It is possible that an employer-based LTCi Plan is subject to ERISA’s requirements as a welfare benefit plan.

CAFETERIA PLANS (IRC SECTION 125(f)) AND FLEXIBLE SPENDING ACCOUNTS (FSA)

LTCi premiums cannot come from a cafeteria plan or an FSA on a tax-favored basis. This is also true for premiums from an Individual Retirement Account (IRA) or 401(k).

HEALTH REIMBURSEMENT ARRANGEMENTS (HRA)

If the HRA is not also an FSA, eligible LTCi premiums paid from the HRA generally are a qualified medical expense (i.e., come out tax-free).

NON-PROFIT AND NOT-FOR PROFIT ORGANIZATIONS

The full LTCi premium paid by the non-profit organization for an employee is excluded from employee's income and is reported to the IRS as part of the organization's expenses. There is no deduction because the organization pays no taxes.

GIFT TAX EXCLUSION

It is possible to exclude from gift taxes the eligible LTCi premium paid for another person. Premiums paid for another person in excess of the eligible LTCi premium will count against the annual [\$13,000] gift tax exclusion.

BENEFITS RECEIVED

Regardless of how the LTCi premium is paid, the benefits received from an LTCi policy are not considered taxable income. The only exception is with a per diem policy that pays a high benefit in excess of the actual cost of care adjusted for inflation.

GLOSSARY OF TERMS

Cafeteria plans (IRC section 125(f))

Some employers set aside a certain dollar amount that allows employees to mix and match fringe benefits that fit their personal needs. The employee can choose to use these funds for tax-free benefits (such as life, health, disability, dental and vision insurance, and dependent care) or as taxable income.

Flexible Spending Accounts (FSA)

Employees and/or employers can contribute to the FSA using pre-tax income. The contributions are determined at the beginning of the year and cannot change. The employee is reimbursed from the account for specified medical expenses. Any money left in the account at the end of the year is forfeited.

Gift Taxes

The IRS generally imposes a gift tax upon those who make gratuitous lifetime transfers (taxing the donor who makes the gift). There are, however, certain exclusions and exemptions, including an annual gift tax exclusion of [\$13,000] per donee⁶, plus tuition and medical expenses – which include paying eligible LTCi premiums for another person. The donor simply pays the eligible LTCi premium for the donee, and there will be no gift tax imposed on that amount.

Health Reimbursement Arrangements (HRA)

Using employer's funds, employees are reimbursed for substantiated medical expenses (deductibles, coinsurance and co-payments) including the costs for health insurance. Funds in an HRA can carry over from year to year and stay with the employer when the employee leaves the company.

Health Savings Accounts

Health Savings Accounts (HSAs) are available to those individuals and families who have a high-deductible health insurance plan. The idea is that consumers will pay out-of-pocket for their initial health care needs using money in their HSA account until the insurance deductible is met. Contributions to the HSA are excluded from an employee's income and distributions for qualified medical expenses are tax-free.

The maximum amount that can go into an HSA each year is the lesser of the insurance deductible and the indexed limit of [\$3,050⁷] for individuals and [\$6,150⁸] for families (for [2011]). Employees and/or employers can contribute to the HSA. Individuals own the account and unspent amounts remain in the HSA over time where interest is earned on the account without taxation.

Although the information contained in this document is believed to be accurate, this document is not intended as a primary or substitute resource for evaluating the relevant legal, tax or accounting principles related to the topic(s) addressed. Judicial and administrative interpretations of existing laws and regulations, and the actual tax and accounting laws, rules and regulations are subject to change, and Northwestern Long Term Care Insurance Company (NLTC) cannot predict whether, how and when such changes might occur. NLTC's publication of this document is not intended to provide legal, accounting or tax services or advice, and should not be relied on as such. Individuals must rely upon their own legal, accounting or tax advisors to consider and apply these principles to specific situations and transactions. Insurance Policy Forms: TT.LTC.(1010), TT.LTC.LP.(1010) and TT.LTC.ML.(1010). Policy Form TT.LTC.ML(1010) is only available in New Jersey, New York, Ohio and Pennsylvania. The purpose of this material is for the marketing and solicitation of insurance. A financial representative (a licensed insurance agent/producer of Northwestern Long Term Care Insurance Company) will contact you. This policy contains exclusions and limitations.

⁶IRS Publication 950

⁷I.R.C. § 223(b)(2)(A)

⁸I.R.C. § 223(b)(2)(B)



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Supporting Document Schedules

	Item Status:	Status
Satisfied - Item: Statement of Variability	Filed-Closed	06/02/2011
Comments:		
Attachment:		
SOV 90-2384 LTC _0411_.pdf		

Statement of Variability

For LTC Advertising Form 90-2384 LTC (0411)

Eligible LTCi IRS Premium Deductions	This amount will be updated in December of every year to reflect new IRS amounts.
Gift Tax Exclusion	This amount will be updated in December of every year to reflect new IRS amounts.
Health Savings Account Amounts	This amount will be updated in December of every year to reflect new IRS amounts.