

TAX DEDUCTIBILITY INFORMATION

Elmcroft does not provide tax advice; however, we understand there may be federal tax deductions available to certain Elmcroft residents and their families if they qualify. These tax deductions may be an effective way to reduce the cost of care delivered in an assisted living facility. Please consult with your attorney or tax advisor to determine the tax deductions that may be available to you. For those interested in learning more about the deductibility of assisted living costs, please refer to Internal Revenue Service Publication 502, entitled "Medical and Dental Expenses" located at <http://www.irs.gov>. Please be sure to refer to the IRS Publication for the applicable tax year.

ACCORDING TO THIS IRS PUBLICATION

- Medical expenses include the cost of medical care in a nursing home or home for the aged for you, your spouse, or your dependents, including the cost of meals and lodging in the home if the main reason for being there is to get medical care.
- Medical expenses include long-term care expenses as long as they are "qualified." Qualified long-term care expenses include "Necessary personal care services... required by a chronically ill individual and provided pursuant to a plan of care prescribed by a licensed healthcare practitioner."

TAX ADVICE DISCLAIMER

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- An individual is chronically ill if a licensed healthcare practitioner has certified, within the previous 12-month period, that the individual meets one of the following criteria:
 1. The individual is unable to perform (without substantial assistance from another individual) at least two activities of daily living (ADL's) due to the loss of functional capacity for at least 90 days. ADL's are eating, toileting, transferring, bathing, dressing and continence.
 2. An individual requires substantial supervision to protect him or her from threats to health and safety due to severe cognitive impairment.
- Elmcroft is not a licensed healthcare practitioner within the meaning of the IRS publication and cannot provide the required certification. This must be obtained from the resident's attending physician or other licensed healthcare practitioner.
- To be deductible, medical expenses must exceed 7.5% of the taxpayer's adjusted gross income.
- An adult child who pays for a parent's care may also qualify for the deduction if the child claims the parent as a dependent.

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