LONG-TERM CARE AND RETIREMENT SECURITY ACT OF 2009

SUMMARY

Amends the Internal Revenue Code to: (1) allow a tax deduction from gross income for long-term care insurance premiums; (2) include long-term care insurance in employee benefit cafeteria plans and flexible spending arrangements; (3) allow a tax credit for certain long-term care costs; and (4) set forth certain consumer protections for long-term care insurance contracts.

SECTION-BY-SECTION

I. Premiums on qualified long-term care insurance contracts: Permit individuals to make a tax deduction in an amount equal to the "applicable percentage" of eligible long-term premiums. An "Applicable Percentage" is defined as 25% in 2010/2011, 35% in 2012, 65% in 2013, and 100% thereafter.

   a. Require coordination of deductions and prohibit an individual from making the same deductions twice.

II. Permit long-term care deductions to be made under cafeteria plans and flexible spending arrangements.

III. Establish an "applicable tax credit" for caregivers of those with long-term care needs. An "applicable tax credit" refers to $1,500 in 2010, $2,000 in 2011, $2,500 in 2012, and $3,000 for 2013 and thereafter.

   a. The applicable credit is multiplied by the number of individuals with respect to whom the taxpayer is an eligible caregiver.
   b. The amount of the credit for the taxpayer is reduced by $100 for every $1000 the adjusted gross income exceeds the threshold of $75,000 for single returns, and $150,000 for joint.

IV. Establish consumer protections based on the National Association of Insurance Commissioners' recommendations for qualified long-term care policies.