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BUDGET
EDUCATION AND THE WORKFORCE
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Congress of the United States
House of Representatives
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October 26, 2017

Chairman Peter Roskam
Committee on Ways and Means, Subcommittee on Tax Policy
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Roskam:

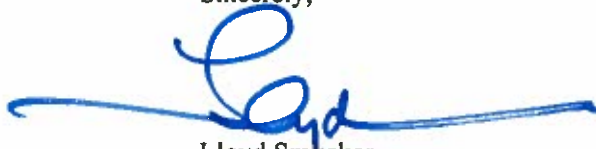
Thank you for your leadership as Congress works to enact a pro-growth tax reform plan. I am writing to provide the details you requested following our conversation on the House floor regarding the medical expense deduction.

Attached is a letter from Willow Valley, a retirement community that offers residents comprehensive living and medical support for one monthly fee. Willow Valley's model leverages the medical expense deduction to help residents afford the monthly fee. The medical expense deduction is an important factor that residents considered when choosing to live at Willow Valley. Removing this deduction will significantly impact these residents. Recouping qualified medical expenses is one of the few ways many seniors on a fixed-income can make the care they need more affordable.

Like you, I believe the reforms outlined in the committee's framework will simplify our tax code and lead to a system that is simple and fair. I came to Congress to help our middle class, and I am thrilled to have the opportunity to serve at a time when enacting tax reform is not only the top priority, but a true reality. I am confident that streamlining our tax code and reducing rates will put more money in the pockets of hardworking taxpayers, and spur economic growth.

While I recognize the Committee on Ways and Means is still preparing the exact details of the tax reform plan, I want to ensure seniors are not disproportionately impacted. Moreover, I agree that we need to simplify itemized deductions in order to accomplish the important goal of lowering our tax rates. I appreciate your leadership on this issue, and welcome a chance to work with you on the issue addressed above.

Sincerely,



Lloyd Smucker
Member of Congress

Enclosure: Willow Valley Communities Letter on Medical Expense Deduction



Life Lived Forward

WILLOW
VALLEY
COMMUNITIES

January 31, 2017

Dear Willow Valley Communities Residents:

The Internal Revenue Service has allowed a medical expense deduction for the portion of entrance fees and monthly fees that is determined to be allocable to the communities' obligation to provide medical care to Residents. We are not tax experts and encourage you to discuss your eligibility for this tax deduction with your tax advisor.

Willow Valley Communities has engaged our actuarial firm for the calculation of the prepaid medical deduction. This calculation method utilizes Willow Valley specific mortality and morbidity experience and future healthcare costs based on expected Willow Valley utilization to determine the weighted average dollar amounts.

Entrance Fees Paid in 2016

We are not aware of any specific Internal Revenue ruling dealing with the timing of the entrance fee deduction; however, generally Residents have taken the deduction in the year of move-in. Please note that the deduction for your entrance fee is deductible only once.

For entrance fees paid in 2016, the calculated allowable medical deduction for a single person move-in is \$37,900 and for a two person move-in is \$40,500.

Monthly Fees Paid in 2016

The Internal Revenue Service has also allowed a medical expense deduction for the portion of monthly fees that is determined to be allocable to the communities' obligation to provide medical care. As long as the Internal Revenue Service allows the deduction for medical expenses, a portion of monthly fees paid is deductible each year.

For monthly fees paid in 2016, the calculated allowable monthly fee deduction for one person is \$1,355, and for two persons is \$2,560. To determine your total allowable medical deduction, multiply the appropriate monthly amount by the number of months of residency at Willow Valley Communities.

In addition, if you spent time in Supportive Living during 2016, we recommend that you contact your tax advisor regarding additional medical expense deductions that may be available.

Please retain a copy of this letter as documentation if your tax return is audited by the Internal Revenue Service.

Sincerely yours,

Dennis W. Griest
Chief Financial Officer
Willow Valley Living