

January 29, 2021

Dear Resident:

RE: Deductibility of a Portion of Service Fees

The deductibility of medical expenses is allowed by section 213 of the Internal Revenue Code. Revenue Ruling 76-481, as well as several other rulings, approve the deductibility of a portion of service fees paid to retirement facilities for the provision of medical care. The most recent guidance we are aware of regarding the methodology required to compute a resident's medical expense deduction is contained in the U.S. Tax Court, Delbert L. and Margaret J. Baker v. Commissioner (122 T.C. No. 8). The method used to determine the medical expense deduction shown below is in accordance with the guidance provided in Baker v. Commissioner.

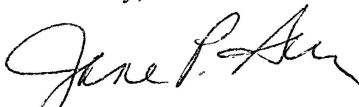
We have determined that **27.23** percent of the Service Fees paid **OR, \$1,200.60** paid per person per month of occupancy during the calendar year ending December 31, 2020, may be deductible as an expense for medical care subject to the limitations prescribed in Section 213 of the Internal Revenue Code and regulations. We recommend that you seek advice from your tax consultant regarding the amount (percentage of Service Fee **OR** per person per month of occupancy) to determine if you are entitled and able to use such a medical expense deduction on your 2020 individual income tax returns.

The IRS has not approved the methodology used to compute the deductible amounts of fees paid by you. Accordingly, the IRS may challenge the amounts set forth. However, based upon historical precedent and current industry practice, we believe that the methodology employed is reasonable and appropriate.

There could be more aggressive approaches that could yield a higher deduction. We feel our methodology is defensible and supported by our calculations. It is your right as a taxpayer to deduct the amount you or your tax advisor feel is justified. We will make a reasonable attempt to provide you any additional information you request to support a different deduction if you or your tax advisor request such information.

Should you have questions, please feel free to contact me at 978-725-4106 or Bryan Deveau at 978-725-4129.

Sincerely,


Jane P. Sullivan
Chief Financial Officer

