



Medical expenses can be tax deductions that **lower your tax bill**

Although the processes of calculating tax deductions are by no means precise, you may be able to deduct a portion of your medical expenses, including the costs associated with your LAP-BAND® System surgery.



The deduction is designed so that your taxable income can be reduced to the extent medical expenses exceed a percentage of your adjusted gross income.



Many nonreimbursed medical expenses, including LAP-BAND® System surgery, medications, and other medical services exceeding 7.5% of a taxpayer's adjusted gross income, are tax deductible. See the chart on the reverse side for some examples of potential tax savings.



Be sure each medical expense meets the requirements of a tax deduction. Common medical expenses that are not deductible include most cosmetic surgery, nutritional supplements, nonprescription drugs, and teeth-whitening expenses.

The rules for tax deductions for medical expenses are established by the Internal Revenue Service and explained in Publication 502. For additional information, visit www.irs.gov or call 1-800-829-1040 to reach the Internal Revenue Service. Always speak with your tax advisor regarding tax issues.

To maximize the Medical Expenses Tax Deduction, be sure to include the following expenses:

- All medical expenses, including most dental expenses, for everyone listed on your tax return (your spouse and dependents)
- Costs of weight loss programs (but not the cost of low-calorie food). To justify the deduction, be sure your doctor recommends participation in a weight loss program to reduce health risks
- Insurance payments paid with taxed income
- Uninsured medical expenses including eyeglasses, contact lenses, and hearing aids
- Prescription drug costs not covered by insurance, and co-payments for medications covered by insurance
- Travel expenses to and from medical treatments, calculated by using standard mileage rates, set each year by the IRS (14 cents per mile in 2004, 15 cents per mile in 2005, and 20 cents per mile in 2007)¹
- Medically necessary costs prescribed by physicians
- The cost for corrective eye surgery

1. Mileage deduction is based on information acquired at www.irs.gov in November 2007. The amount is subject to change each year, so it is recommended to confirm mileage allowance.

Potential Tax Savings for Cash Payers*

		BASED ON MARRIED (no children) FILING STATUS				BASED ON SINGLE FILING STATUS			
Estimated Federal Taxes Using the Standard Deduction	Income (\$)	40,000	70,000	80,000	100,000	40,000	60,000	80,000	100,000
	Standard Deduction (\$)	9,700	9,700	9,700	9,700	4,850	4,850	4,850	4,850
	Taxable Income (\$)	30,300	60,300	70,300	90,300	35,150	55,150	75,150	95,150
	Estimated Federal Tax (\$)	3,830	8,550	11,050	16,050	5,525	10,525	15,669	21,269
Simplified Examples of Medical Deductions	TAX DEDUCTION ESTIMATE				TAX DEDUCTION ESTIMATE				
	LAP-BAND® System Procedure (\$)	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
	Annual Cost of Patient's Medications ¹ (\$)	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
	Patient's Other Medical Expenses ² (\$)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	Spouse's Medical Expenses (\$)	500	500	500	500	-	-	-	-
	Total Estimated Medical Expenses	21,100	21,100	21,100	21,100	20,600	20,600	20,600	20,600
	Defined Tax Threshold ³	0	0	0	0	0	0	0	0
	Non-Deductible Portion of Medical Expenses	3,000	5,250	6,000	7,500	3,000	4,500	6,000	7,500
	Deductible Portion of Medical Expenses	18,100	15,850	15,100	13,600	17,600	16,100	14,600	13,100
	Estimated Federal Taxes Using the Medical Expense Deduction	Income ⁴ (\$)	40,000	70,000	80,000	100,000	40,000	60,000	80,000
Medical Expense Deduction (\$)		18,100	15,850	15,100	13,600	17,600	16,100	14,600	13,100
Taxable Income With Deduction (\$)		21,900	54,150	64,900	86,400	22,400	43,900	65,400	86,900
Revised Federal Tax With Deduction (\$)		2,570	7,408	9,700	15,075	3,003	7,713	13,088	18,959
Potential 1st Year Tax Savings		\$1,260	\$1,143	\$1,350	\$975	\$2,523	\$2,813	\$2,582	\$2,310

1. Other medical expenses include medical visits, dental expenses, laboratory fees, chiropractic care, etc.
2. Medication costs assumed at \$175 per month.
3. Percent of Adjusted Gross Income that is not deductible as set by Publication 502 by the IRS for Tax Year 2003.
4. Income means Adjusted Gross Income.

*This document is for illustrative purposes only. Your deductions and savings may vary significantly. Speak with your tax advisor regarding your tax situation.