

2017-18 Tax deductibility of Long-Term Care Premiums

Individual - Tax-qualified LTCi premiums are considered a medical expense. For an individual who itemizes tax deductions, medical expenses are deductible to the extent that they exceed 10% of the individual's Adjusted Gross Income (AGI). The amount of the LTCi premium treated as a medical expense is limited to the eligible LTCi premiums, as defined by Internal Revenue Code 213(d), based on the age of the insured individual. That portion of the LTCi premium that exceeds the eligible LTCi premium is not included as a medical expense. Individual taxpayers can treat premiums paid for tax-qualified long-term care insurance for themselves, their spouse or any tax dependents (such as parents) as a personal medical expense.

Self-employed, S-Corp, and LLC - Individual can deduct 100% of his/her out-of-pocket long-term care insurance premiums, up to the Eligible Premium amounts listed above [IRC 162(1)]. The portion of LTCi premiums that exceeds the Eligible Premium (see Table 1) amount is not deductible as a medical expense. The deductible amount includes eligible premiums paid for spouses and dependents [IRC 162(1)]. It is not necessary to meet a 10% AGI threshold in order to take this deduction.

C-Corp - When a business purchases a tax-qualified LTCi policy on behalf of any of its employees, or their spouses and dependents, the corporation is entitled to take a 100% deduction as a business expense on the total premium paid. The deduction is not limited to the aged-based Eligible Premiums. Owners are considered employees of a C-Corporation.

The yearly maximum deductible amount for each individual depends on the insured's attained age at the close of the taxable year (see [Table 1](#) on the next page for current limits). These deductible maximums are indexed and increase each year for inflation.

2017 Long Term Care Insurance Federal Tax-Deductible Limits

Taxpayer's Age at End of Tax Year - Deductible Limit

40 or less	\$ 410
More than 40 but not more than 50	\$ 770
More than 50 but not more than 60	\$1,530
More than 60 but not more than 70	\$4,090
More than 70	\$5,110

2017 Long Term Care Insurance Federal Tax-Deductible Limits

Taxpayer's Age at End of Tax Year - Deductible Limit

40 or less	\$ 420
More than 40 but not more than 50	\$ 780
More than 50 but not more than 60	\$1,560
More than 60 but not more than 70	\$4,160
More than 70	\$5,200