

Tax Information

- Benefits received should be free from income taxation for both Traditional LTC and Life with LTC rider policies.
- Many states allow residents to claim limited state tax credit or deduction on their state income tax return for Traditional, but not
- The federal government allows limited deductions of premium payments by age for traditional LTC policies, but not life with LTC riders. Below is the IRS table for the year 2020.

Taxpayer's Age At End of Tax Year - Deductible Limit	
40 or less	\$430
More than 40 but not more than 50	\$810
More than 50 but not more than 60	\$1,630
More than 60 but not more than 70	\$4,350
More than 70	\$5,430

Source: IRS Revenue Procedure: 2019-44

- Long-term care insurance premiums cannot be deducted or claimed on a pre-tax basis. However, if you itemize deductions, on your federal return, you may be able to deduct a portion of your premiums, the amount of which depends on your current age, if your total medical expenses exceed 7.5% of your adjusted gross income.
- Most business's may deduct premiums as deductible healthcare expenses, however, there is offsetting income taxable recognition as actual guaranteed income for S Corp owners or imputed income for employees of C Corporations.