

# LONG TERM CARE INSURANCE

## THE TAX ADVANTAGES OF QUALIFIED LTC INSURANCE

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The purchase of Long Term Care insurance is more attractive than ever for both employers and individuals, due to tax advantages granted through the federal government. These tax advantages apply to tax qualified Long Term Care insurance (Section 213(d)(10) of the Internal Revenue Code). Tax advantages will vary depending on the taxpayer. The following outlines the key advantages.

#### ALL COMPANIES

Employers have the option of covering all employees or only certain employee classes. The employee and the employee's spouse and dependents can be covered and receive the same tax advantages.

#### C-CORPORATIONS

A corporate employer generally can take a business expense deduction for the entire (100%) amount of the LTC premiums paid for employees, their spouses, and their dependents. Employer-paid premiums for an employee, spouse, or dependents are excluded from an employee's income for tax purposes. The benefits received by the employee, spouse, or dependents are income tax free.

#### SELF-EMPLOYED INDIVIDUALS

The self-employed are permitted to deduct an age-based amount of their Long Term Care insurance premiums for the Self-Employed individual, the individual's spouse, and the individual's dependents. Owner/Employees (Members) of LLC's, S-Corps (2%+ Shareholders), and Partnerships also may deduct an age-based amount of their Long Term Care insurance premiums.

YEAR	ELIGIBLE DEDUCTION
2025	100%

Attained Age Before Close of Tax Year	Eligible Annual LTC Premiums 2024	Eligible Annual LTC Premiums 2025
40 and younger	\$470	\$480
41-50	\$880	\$900
51-60	\$1,760	\$1,800
61-70	\$4,710	\$4,810
71 and older	\$5,880	\$6,020

The per diem limitation amount for 2025 is \$420.

#### INDIVIDUAL PURCHASERS

Medical and dental expenses that exceed 10% of adjusted gross income are deductible and taxpayers can now include eligible LTC premiums paid for themselves, their spouses, and their dependents as part of their medical expenses. Refer to the age-based Eligible LTC Premiums charge for the applicable tax year.