LTC Insurance Made Easy

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2016 Tax Deduction Limits for Long-Term Care Insurance

The IRS is increasing the amount taxpayers can deduct from their 2016 taxes as a result of buying long-term care insurance. Premiums for "qualified" long-term care insurance policies are tax deductible to the extent that they, along with other unreimbursed medical expenses (including Medicare premiums), exceed 10 percent of the insured's adjusted gross income, or 7.5 percent of taxpayers 65 and older (through 2016). These premiums are deductible for the taxpayer, his or her spouse, and other dependents.

Business Owners

If you are self-employed (S-Corps, LLC and LLPs), you can take the amount of the premium as a deduction (subject to the limits found in the table below). C-Corps and PCs treat long-term care insurance premium as a fully deductible business expense.

Attained Age (before the close of the taxable year)	Maximum Deduction for Year
40 or less	$390
More than 40 but no more than 50	$730
More than 50 but no more than 60	$1,460
More than 60 but no more than 70	$3,900
More than 70	$4,870

Another change announced by the IRS involves benefits from per diem or indemnity policies, which pay a predetermined amount each day. These benefits are not included in income except amounts that exceed the beneficiary's total qualified long-term care expenses or $340 per day, whichever is greater.

Source: https://www.irs.gov/pub/irs-drop/rp-15-53.pdf

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