

2015 Limits on Deductions for Qualified Long Term Care Insurance Premiums

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.

The yearly maximum deductible amount for each individual depends on the insured's attained age at the close of the taxable year. These deductible maximums are indexed and increase each year for inflation.

| Qualified Long Term Care Insurance Premium Under Code 213(d)(10) ¹ | | | | |
|---|--|--|--|--|
| Attained Age BEFORE Close of Taxable year | 2014 (Maximum Deduction per Individual) | 2014 (Maximum Deduction per Couple) | 2015 (Maximum Deduction per Individual) | 2015 (Maximum Deduction per Couple) |
| Age 40 or under | \$370 | \$740 | \$380 | \$760 |
| Age 41 to 50 | \$700 | \$1,400 | \$710 | \$1,420 |
| Age 51 to 60 | \$1,400 | \$2,800 | \$1,430 | \$2,860 |
| Age 61 to 70 | \$3,720 | \$7,440 | \$3,800 | \$7,600 |
| Age 71 or over | \$4,660 | \$9,320 | \$4,750 | \$9,500 |

Individuals who itemize income tax deductions on federal returns

Individuals may deduct their medical expenses, including LTCi premiums, to the extent that the total exceeds a percentage of their Adjusted Gross Income (AGI) – see chart below.

| AGE | % of AGI that medical expenses must exceed |
|--------------|--|
| 64 and under | 10% |
| 65 and over | 7.5% |



The per-diem limitation under 7702B(d)(4) is \$330

Source: IRS Revenue Procedure 2013-35 (2014 limits)