



2025 IRS Deduction Limits for Qualified Long Term Care Insurance Premiums

Taxpayer's Age at End of Tax Year	2025 Deductible Premium Limit
40 or younger	\$ 480
41 to 50	\$ 900
51 to 60	\$1,800
61 to 70	\$4,810
71 and above	\$6,020

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 the current amount required to meet 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)(10), 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.

The IRS announced a change that involves benefits per diem for 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 \$420 per day, whichever is greater.

Source: IRS Revenue Procedure: 2024-40 (2025 limits)



Self-Employed

A self-employed individual can deduct 100% of his/her out-of-pocket long-term care insurance premiums, up to the Eligible Premium amounts listed on page 1 of this document [IRC 162(l)]. The portion of LTCI premiums that exceeds the Eligible Premium is not deductible as a medical expense. The deductible amount includes eligible premiums paid for spouses and dependents [IRC 162(l)]. It is not necessary to meet the 7.5% AGI threshold in order to take this deduction. However, a self-employed individual may not deduct LTCI premiums during any calendar month in which he/she or his/her spouse is eligible to participate in a subsidized LTCI plan (where the employer pays all or part of the premiums for LTCI).

Partnership ² Limited Liability Company (LLC) ² Subchapter S Corporation

This pertains to Partners in a partnership, members of an LLC that is taxed as a partnership; shareholders/employees of Subchapter S Corporations who own more than 2% of the Corporation; and those filing as self-employed individuals. The partnership, LLC or Subchapter S Corporation pays the premium. The partner, member or shareholder/employee includes the LTCI premium in his/her Adjusted Gross Income, but may deduct up to 100% of the age-based Eligible Premium, as listed in Table 1. It is not necessary to meet the 7.5% AGI threshold. Planning Tip: In a sole proprietor or a partnership situation, the owner/partner who has a spouse who is a true employee can deduct the actual (full) premium for that spouse's policy. If that spouse's policy had a shared benefit rider that may be included in the deductible premiums.

Subchapter C Corporation

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 age-based Eligible Premiums. The purchase of a tax qualified LTCI policy is not subject to any non-discrimination rules, thus allowing an employer to be selective in the classification of employees it elects to cover. Planning Tip: Premium payments generally will be tax deductible when the class is based on such factors as the officers of the corporation and length of service (e.g. company pays for all those who are Senior Vice President or higher and have been with the company for 12 or more years). Tax rulings have stipulated that the class cannot, however, be based on stock ownership.

Tax Savings Tip: The use of Ten-Pay or Accelerated Premium plans provide higher tax deductions for the Corporation and enable the long-term care insurance premium to be fully paid-up by the time the owner retires (no ongoing premiums).

Employer Pay Contributory Arrangement on Behalf of Employee

If an Employer pays all or a portion of the tax qualified premiums on behalf of an employee, the amount paid is deductible for the employer as a business expense. The deduction is not limited by the age-based limits. The entire contribution is also excluded from the employee's AGI. If the employer only pays a portion of the premium, the employee may apply the balance that he/she pays towards his/her medical expenses up to the eligible premium amount and might then be entitled to a deduction for medical expenses that exceed 7.5% of the AGI.

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