

## Internal Revenue Code age-based limits for tax-qualified long-term care insurance premiums

Individuals can include, in medical expenses, amounts paid for qualified long-term care services and premiums paid for qualified long-term care insurance contracts. Eligible medical expenses as defined by Internal Revenue Code section 213(d)(10) are included on Schedule A (IRS Form 1040) to the extent they exceed 7.5% of the individual's adjusted gross income (AGI).\* The amount of qualified long-term care insurance premiums they can include is limited to the age-based limits shown in the following table.

The portion of long-term care insurance premiums that exceeds the eligible age-based long-term care insurance premiums is not includable as a medical expense.

\*The AGI threshold for calculating medical expense deductibility is 7.5%. Taxpayers subject to alternative minimum tax (AMT) are also subject to the 7.5% threshold.

## Linked-Benefit LTCI

LTC benefits paid from a tax-qualified annuity or life insurance "linked-benefit" plan are generally considered tax-free (IRC Sec. 7702B). Premium payments for annuity or life insurance linked-benefit plans are not deductible, *unless* there is no cash value for the portion being deducted. Insurance carriers may incorporate separate LTC agreement premium payments for Acceleration of Benefits, Extension of LTC Benefits, or Inflation Protection Agreements with those charges paid directly to the carrier for those LTC benefits. If the costs for those are separate and never part of the cash value of the contract, those *may* be deductible up to the age-based limitations.\*

\*IRC Sec. 7702B(e)(1) and 7702B(e)(2).

## Health Savings Account (HSA)

Individuals who have a Health Savings Account (HSA), or qualify to open one, may have an opportunity to use pre-tax dollars to pay for some or all of their Long-Term Care Insurance (LTCi) premiums. Qualified LTCi premiums are considered eligible medical expenses, which means individuals can use HSA funds to pay them tax-free.

Long-Term Care Insurance Federal Tax Deductible Limits (Table 1)		
Insured's age at the end of the tax year	2025 long-term care insurance eligible premium	2026 long-term care insurance eligible premium
Age 40 or younger	\$480	\$500
Age 41 to 50	\$900	\$930
Age 51 to 60	\$1,800	\$1,860
Age 61 to 70	\$4,810	\$4,960
Age 71 or older	\$6,020	\$6,200