

How Much Long Term Care Premium Can I Deduct From my 2021 Federal Income Taxes

The Internal Revenue Service (IRS) is increasing the amount taxpayers can deduct from their 2021 income 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 7.5 percent of the insured's adjusted gross income in 2021. Therefore, you must itemize your deductions to deduct any of your medical expenses including long term care premiums.

To be "qualified," policies issued on or after January 1, 1997, must adhere to certain requirements, among them that the policy must offer the consumer the options of "inflation" and "nonforfeiture" protection, although the consumer can choose not to purchase these features.

These premiums are deductible for the taxpayer in the year paid for himself, his spouse and other dependents. However, there is a limit on the amount of the premium that can be deducted which depends on the age of the taxpayer at the end of the year. Following are the deductibility limits for 2021. Any premium amounts for the year above these limits are not considered to be a medical expense and will not be deductible.

Age Before the Close of the Taxable Year	Annual Deduction Limit on Premiums
40 or less	\$450
More than 40 but not more than 50	\$850
More than 50 but not more than 60	\$1,690
More than 60 but not more than 70	\$4,520
More than 70	\$5,640

If you have any questions about long term care premiums or any other deduction call Gregory J. Spadea at 610-521-0604. The Law Offices of Spadea & Associates, LLC is located in Ridley Park, Pennsylvania and prepares tax returns year round.