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■ LONG-TERM CARE INSURANCE — FEDERAL AND NEW YORK STATE TAX ADVANTAGES

By Ami S. Longstreet
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If you have considered purchasing long-term care insurance, you know that it is an expensive proposition. However, some tax advantages related to the premium payments for long-term care insurance are available to you.

If you are an employee and itemize your deductions, you can deduct a portion of your long-term care insurance premium as a medical expense on the itemized deductions of Schedule A of your 1040 tax return.

Premiums for qualifying long-term care insurance policies for individuals under 65 may be deducted to the extent that they, along with other non-reimbursable medical expenses, exceed 10 percent of the individual's adjusted gross income.

The maximum deductions for 2017 for long-term care insurance premiums paid (these amounts increase annually) are as follows:

AGE AS OF THE END OF THE TAXABLE YEAR

	Below 40	41-50	51-60	61-70	70+
Amount of Deduction	\$410	\$770	\$1,530	\$4,090	\$5,110

If you are self-employed, you may be able to deduct premiums that you pay for medical, dental, and qualifying long-term care insurance premiums for yourself, your spouse, and your dependents. This is a deduction on page 1 of Form 1040 and is not an itemized deduction subject to the percentage of adjusted gross-income limitations as a medical expense under itemized deductions.

Partners and LLC members who are treated as partners for tax purposes may also be able to deduct health and long-term care insurance premiums as a straight deduction and not limited as an itemized deduction as a medical expense under certain circumstances.

Additionally, if you are a New York state resident, you are entitled to a credit on your New York State tax return if you or your business pay premiums for qualifying long-term care insurance policies. The credit is 20 percent of the premiums.

Therefore, while long-term care insurance appears to be quite expensive, if you are unlucky enough to get sick and be in need of long-term care, long-term care insurance definitely softens the blow on protecting your assets and income, and there are deductions and credits available to reduce the actual cost of the long-term care insurance.

Ami S. Longstreet is a partner at the Syracuse-based law firm Mackenzie Hughes. This article is drawn from the firm's Plain Talk blog. Longstreet works with businesses and individuals to help them understand estate and trust planning and administration as well as elder law, including asset protection and Medicaid planning, and planning for individuals with disabilities. Contact her at



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