2018 Long-Term Care Insurance Premium Deductibility Limits

The Internal Revenue Service (IRS) is increasing the amount taxpayers can deduct from their 2018 income as a result of buying long-term care insurance. Premiums for "qualified" long-term care insurance policies (see explanation below) are tax deductible to the extent that they, along with other unreimbursed medical expenses (including Medicare premiums), exceed 10 percent of the insured's adjusted gross income.

These premiums what the policyholder pays the insurance company to keep the policy in force are deductible for the taxpayer, his or her spouse and other dependents as a medical expense on Schedule A. However, you must itemize your deductions and exceed the adjusted gross income limit for medical expenses. If you are self-employed, you can take the amount of the premium as a deduction on page 1 of your 1040, as long as you made a net profit, therefore your medical expenses do not have to exceed a certain percentage of your income since you are taking the deduction on Schedule A.

However, there is a limit on how large a premium can be deducted, depending on the age of the taxpayer at the end of the year. Following are the deductibility limits for 2018. Any premium amounts for the year above these limits are not considered to be a medical expense and are not deductible.

Attained age before the close of the taxable year	Maximum deduction for year
40 or less	$420
More than 40 but not more than 50	$780
More than 50 but not more than 60	$1,560
More than 60 but not more than 70	$4,160
More than 70	$5,200

If you need any help preparing your taxes call Gregory J. Spadea at 610-521-0604. The law Offices of Spadea & Associates, LLC is located in Ridley Park and prepares income tax returns year round.