

**2019 Federal Tax Summary  
Tax-Qualified Long-Term Care Insurance (LTCI)**

Type of Taxpayer	Deduction of Premiums (Traditional Standalone Policies)	Taxation of Benefits												
Individual taxpayer who does not itemize deductions	No premium deduction available.	Reimbursement benefits are not included in income. <i>IRC §§104(a)(3), 7702B(a)(2)</i>												
Individual taxpayer who itemizes deductions (Schedule A)	Following are the deductibility limits for 2019. Any premium amounts for the year above these limits are not considered to be a medical expense. <table border="1" data-bbox="479 499 1161 774"> <thead> <tr> <th>Attained age before end of taxable year</th> <th>Deductible premium limit</th> </tr> </thead> <tbody> <tr> <td>Age 40 or less</td> <td>\$420</td> </tr> <tr> <td>40 but not more than 50</td> <td>\$790</td> </tr> <tr> <td>50 but not more than 60</td> <td>\$1580</td> </tr> <tr> <td>60 but not more than 70</td> <td>\$4220</td> </tr> <tr> <td>More than 70</td> <td>\$5270</td> </tr> </tbody> </table>	Attained age before end of taxable year	Deductible premium limit	Age 40 or less	\$420	40 but not more than 50	\$790	50 but not more than 60	\$1580	60 but not more than 70	\$4220	More than 70	\$5270	Per diem or indemnity benefits are not included in income except those amounts that exceed the greater of: <ul style="list-style-type: none"> <li>▪ \$370 per day</li> <li>▪ Total qualified LTC expenses <i>IRC §§104 (a) (3), 7702B(a)(2), 7702B(d)</i></li> </ul>
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HSA and Archer MSA	Eligible LTCI premium is qualified medical expense. <i>IRC §213(d)(1)(D)</i>													
Employee (W-2) (non-owner)	Premiums paid by employee (e.g. voluntary or payroll deduction): <ul style="list-style-type: none"> <li>▪ Deductible by employee who itemizes, subject to above limits.</li> <li>▪ May not be paid through cafeteria plan. <i>IRC §125(f)</i></li> <li>▪ May not be paid through FSA or similar arrangement. <i>IRC §106(c)</i></li> </ul> Premiums paid by employer (any business type): <ul style="list-style-type: none"> <li>▪ Employer provided LTCI treated as accident and health plan. <i>IRC §7702B(a)(3)</i></li> <li>▪ Deductible by employer, not limited to eligible premium, subject to reasonable compensation. May also include spouse and other eligible tax dependents. <i>IRC §162(a)</i>.</li> <li>▪ Total LTCI premium paid is excluded from employee's income (not limited to eligible premium). Not subject to FICA, etc. <i>IRC §106(a)</i></li> <li>▪ Benefits remain tax-free. See column to right.</li> </ul>	Return of premium (nonforfeiture) benefits: <ul style="list-style-type: none"> <li>▪ Available only upon total surrender or death.</li> <li>▪ May not be borrowed or pledged.</li> <li>▪ Included in gross income to extent of any deduction or exclusion allowed with respect to premium. <i>IRC §7702B(b)(2)(C)</i></li> </ul>												
C-Corporation (shareholder/employee with W-2) including PCs and LLCs taxed as a C-Corporation	Treated as employee. (See Employee above.)	Linked-benefit LTCI  LTC benefits paid from a tax-qualified (7702B) annuity or life insurance linked benefit plan are tax-free as noted above. <i>IRC§7702B(e)</i>												
Self-employed owners: <ul style="list-style-type: none"> <li>▪ Sole proprietor</li> <li>▪ Partner</li> <li>▪ S-Corporation &gt; than 2% shareholder/employee W-2</li> <li>▪ Member of LLC or PC taxed as any of the above</li> </ul> Limited Liability Corporation (LLC) is a legal entity and not a tax filing.	Following are the deductibility limits for 2019. Any premium amounts for the year above these limits are not considered to be a medical expense. <table border="1" data-bbox="479 1638 1161 1908"> <thead> <tr> <th>Attained age before end of taxable year</th> <th>Deductible premium limit</th> </tr> </thead> <tbody> <tr> <td>Age 40 or less</td> <td>\$420</td> </tr> <tr> <td>40 but not more than 50</td> <td>\$790</td> </tr> <tr> <td>50 but not more than 60</td> <td>\$1580</td> </tr> <tr> <td>60 but not more than 70</td> <td>\$4220</td> </tr> <tr> <td>More than 70</td> <td>\$5270</td> </tr> </tbody> </table>	Attained age before end of taxable year	Deductible premium limit	Age 40 or less	\$420	40 but not more than 50	\$790	50 but not more than 60	\$1580	60 but not more than 70	\$4220	More than 70	\$5270	Cash surrenders from a LTCI linked-benefit plan that paid LTCI benefits may have a reduced cost-basis. <i>IRC§72(e) (11)</i>  Premium payments for annuity or life insurance linked-benefit LTCI plans are not deductible. Separately billed TQ LTCI riders may be deductible.
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