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Long-term Care Insurance – Deductibility

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Increased interest in long-term care insurance is resulting from increased life expectancies and the escalation of medical and health care expenses. The deductibility of premiums for long-term care insurance is a meritorious question and can substantially influence the decision whether or not to invest in this type of insurance.

For farmers and other self-employed taxpayers, the premiums for a qualified long-term care insurance contract for yourself, your spouse, or your dependents are to be included (subject to the limits listed below) in the “health insurance deduction of the self-employed”. The current deductible percentage (1999-2001) for self-employed health insurance is 60%.

Limits on long-term care insurance premiums are the lesser of:

- 1) the amount you pay,
- 2) the amount shown below opposite the age of the insured person:
 - age 40 or less \$210
 - age 41 – 50 400
 - age 51 – 60 800
 - age 61 – 70 2,120
 - age 71 and above 2,660.

(use the age at the end of the year)