Tax Advantages Come with Long Term Care Insurance by Kaycee Bishop

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Those individuals who are ignoring long term care insurance (LTCI) policies are missing out on the opportunity to avail a big annual long term care tax deduction.

Not everybody is given the opportunity to deduct $350 or $4,000 from his income tax, only policyholders of LTCI. If you take time to look at this product from the panoramic view you will realize that it is actually offering so many benefits for such a small amount.

Well, the smallness of premium amount that one has to pay for his coverage would depend on his age when he purchased his policy. If he was 70 years old or older at the time he bought his policy, $3,000 for annual premium is small enough for him but if the buyer was 50 years old or younger, his annual premium is definitely below $500 or not exceeding $900.

Aside from having access to a multitude of LTC services at such a very low premium, young buyers of LTCI policies can also look forward to large tax breaks year after year.

Paying taxes is considered one unpleasant thing by many people because it can easily slash oneâ€™s income. Despite their aversion, they have no choice but to face their taxes lest they be sued for tax evasion.

With an LTCI policy you can stop hating the tax season as you start looking at your tax contributions from a different perspective. You will eventually be proud of yourself for playing a major role in the infrastructures of the country. Best of all is that you can relish this feeling without actually having to spend a chunk of your earnings.

Long Term Care Tax Deduction

Expenses that were incurred from long term care (LTC) services are treated as medical expenses based on the Internal Revenue Service (IRS) Code 213(d). So the amount of LTC expenses which you have obtained from a nursing home, assisted living facility or at home can be deducted from your taxes upon the closing of the tax year provided that the total amount of your expenses would exceed 7.5% of your Adjusted Gross Income (AGI).

For example, your AGI is $80,000 and the total amount of expenses that youâ€™ve accumulated in a nursing home is $6,700. Since the latter exceeds 7.5% of your AGI, this shall be treated as a medical expense and you can deduct it from your itemized income tax return.

However, why wait for an event that will qualify you for LTC when you can reduce your taxes right now while youâ€™re healthy and active at work. All you have to do is buy a tax qualified LTCI policy because premiums that are paid into tax qualified LTCI policies are treated as medical expenses and therefore deductible, too.

At the end of the tax year, the amount of your LTCI premium that shall be treated as a medical expense and subsequently deducted from your taxes shall be determined by your age.

Long term care tax deduction is the governmentâ€™s way of alleviating the financial burden of people so take advantage of it. To learn more about this, contact an authorized LTCI agent in your area.

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We can help you shop for a long term care quote from major carriers and provide you with unlimited information about a CLASS act and long term care.

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