

Business owner: Long-Term Care (LTC) Tax deduction worksheet

Sole Proprietor, S Corporation and Partnerships

The Internal Revenue Service adopted rules that allow, under certain conditions, for the deduction of tax-qualified long-term care insurance premiums. The premiums associated with the tax-qualified riders of a linked-benefit product fall under these guidelines. Use this helpful guide to determine if you may be able to deduct these premiums.

Please note: One can only deduct long-term care premiums when itemizing their deductions. Standard deduction would not apply.

Step 1: Portion of premium for LTC

Linked-benefit policies like SecureCare have a portion of the premium that goes towards the life insurance and a portion that goes towards the LTC.

Fill in the premium amounts for each agreement as shown in your product illustration or policy pages:

		Premium amount
Non-deductible (Life)	Face amount (base life insurance)	
Deductible (LTC)	Acceleration for Long-Term Care Agreement	
	Extension of Long-Term Care Benefits Agreement	
	Long-Term Care Inflation Protection Agreement	
Total Deductible Amount (LTC)		



Can premiums for the agreements of a SecureCare policy be paid from a Health Savings Account (HSA)?

Yes. Qualified LTC premiums for the agreements are included in the definition of an HSA's qualified medical expenses. However, if premiums are paid from an HSA they are not income tax deductible.

Step 2: Age-based limitations

Attained-age before the close of the taxable year	2018 limit	2019 limit
40 or less	\$420	\$420
41-50	\$780	\$790
51-60	\$1,560	\$1,580
61-70	\$4,160	\$4,220
71+	\$5,200	\$5,270
Total (as shown in appropriate row from the table above)		

Step 3: Deduction amount

Compare the totals from Step 1 and Step 2, and enter the lower amount.

Total	
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Step 4: Above the line deduction

Pass-through entities may deduct LTC premiums as an above-the-line self-employed health insurance deduction on line 29 of the IRS Form 1040. They may deduct the lesser of the premium or age-based limitations.

23	Educator expenses	23		
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24		
25	Health savings account deduction. Attach Form 8889	25		
26	Moving expenses. Attach Form 3903	26		
27	Deductible part of self-employment tax. Attach Schedule SE	27		
28	Self-employed SEP, SIMPLE, and qualified plans	28		
29	Self-employed health insurance deduction	29		
30	Penalty on early withdrawal of savings	30		
32	IRA deduction	32		
33	Student loan interest deduction	33		
34	Tuition and fees. Attach Form 8917	34		
35	Domestic production activities deduction. Attach Form 9903	35		
36	Add lines 23 through 35	36		
37	Subtract line 36 from line 22. This is your adjusted gross income	37		

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

This information is meant to help you understand the SecureCare policy, not as a means to compare with other products. The amount of benefits provided will depend upon the benefits selected and the charges will vary as such. Some provisions may not apply or may vary depending on the state in which you live at the time of policy issue. Please refer to your state's Outline of Coverage for the exact language in your state.

SecureCare Universal Life Insurance includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement is a tax qualified long-term care agreement that covers care such as nursing care, home and community based care, and informal care as defined in this agreement. This agreement provides for the payment of a monthly benefit for qualified long-term care services. This agreement is intended to provide federally tax qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under this agreement may be taxable.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

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Form numbers: ICC17-20103, 17-20103 and any state variations; ICC17-20111, 17-20111 and any state variations; ICC17-20112, 17-20112, and any state variations; ICC17-20113, 17-20113 and any state variations

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