

CLTC® 2026 Tax Summary

Tax-Qualified Long-Term Care Insurance (LTCI)

Type of Taxpayer	Premium Deduction (Traditional Policies)												
Individual taxpayer who does NOT itemize	No deduction.												
Individual taxpayer who itemizes deductions (Schedule A)	Treated as accident and health insurance. <i>IRC §7702B(a)(1)</i> Limited to lesser of actual premium paid or eligible L TCI premium. <i>IRC §§213(d)(1)(D), 213(d)(10)</i> Eligible LTC premium in 2026 (indexed): <table> <tr> <th>Attained age in tax year</th><th>Deductible premium limit</th></tr> <tr> <td>Age 40 or less</td><td>\$500</td></tr> <tr> <td>Age 41 - 50</td><td>\$930</td></tr> <tr> <td>Age 51 - 60</td><td>\$1,860</td></tr> <tr> <td>Age 61 - 70</td><td>\$4,960</td></tr> <tr> <td>Age 71 and older</td><td>\$6,200</td></tr> </table> Medical expense deduction is allowable to extent that such expenses (including payment of Eligible LTCI premium) exceed 7.5% of AGI <i>IRC §§213(a), 213(f), Revenue Procedure 2025-32</i>	Attained age in tax year	Deductible premium limit	Age 40 or less	\$500	Age 41 - 50	\$930	Age 51 - 60	\$1,860	Age 61 - 70	\$4,960	Age 71 and older	\$6,200
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HSA, HRA & MSA	Eligible LTCI premium is a qualified medical expense. <i>IRC §213(d)(1)(D)</i>												
Employee (W-2) (NON-owner)	Premium paid by employee (e.g., "voluntary" or payroll deduction): - May NOT be paid through pre-tax cafeteria plan. <i>IRC §125(f)</i> - May NOT be paid through FSA or similar arrangement. <i>IRC §106(c)</i> - Deductible by employee who itemizes (subject to limitations above) Premium paid by employer (ANY business type): - Employer provided LTCI treated as accident and health plan. <i>IRC §7702B(a)(3)</i> - 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> - Total premium excluded from employee's income (NOT limited to Eligible premium). Not subject to FICA, etc. <i>IRC §106(a)</i> - Benefits remain tax-free (See additional content on pg. 2)												
C-Corporation Shareholder I Employee (with W-2) Including PCs and LLCs taxed as a C- corporation.	Treated as employee. (See above) (NOTE that premiums may NOT reduce or be allocated against any individual's compensation in any form; the premiums must be a true corporate expense.)												

“Self-employed” business owners: Sole Proprietor, Partner, S-Corporation >2% Shareholder / employee (W-2). Member of an LLC or PC taxed as any of above. <i>NOTE: Limited Liability Corporation (LLC) is a legal, not tax, entity – based on how the entity files.</i>	Eligible for Self-Employed Health Insurance Deduction, which is taken “above-the-line” on Line 17 of IRS Form 1040 Schedule 1 (2023). May also include spouse or other eligible tax dependents. <i>IRC §162(l)</i> Limited to lesser of actual premium paid or Eligible LTCI premium. <i>IRC §§213(d)(1)(D), 213(d)(10)</i> For eligible LTCI premium in 2026 see above chart; Deduction is NOT limited to 7.5% of AGI threshold.
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Taxation of Benefits

Reimbursement benefits are not included in income.

IRC §§104(a)(3), 7702B(a)(2)

Per diem (or indemnity) benefits are not included in income except for amounts that exceed:

- \$430 per day (2026 indexed), or
- Total qualified LTC expenses.

IRC §§104(a)(3), 7702B(a)(2), 7702B(d) IRS Revenue Procedure 2025-32

Return of premium (non-forfeiture) benefits:

- Available only upon total surrender or death.
- May not be borrowed or pledged.
- Included in gross income to extent of any deduction or exclusion allowed with respect to premium.

IRC §7702B(b)(2)(C)

Linked-Benefit LTCI

LTC benefits paid from a Tax-Qualified (7702B) annuity or life insurance “linked benefit” plan are tax-free as noted above. *IRC §7702B(e)*

Cash surrenders from a LTCI linked-benefit plan that paid LTCI benefits may have a reduced cost-basis. *IRC §72(e)(11)*

Premium payments for annuity or life insurance benefits in linked-benefit LTCI plans are NOT deductible. (Separate TQ LTCI continuation rider premiums may be deductible.)

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