

2025 Long Term Care Insurance (LTCi) Summary

Type of Taxpayer	Premium Deductions	Taxation of Benefits												
Individual taxpayer who does NOT itemize deductions	No deduction													
Individual taxpayer who itemizes deductions	Treated as accident and health insurance. (IRC§7702B(a)(1)) Limited to lesser of actual premium paid or eligible LTCi Premium. (IRC §§213(d)(1)(D), 213(d)(10)) Eligible LTC premium in 2025: (Rev. Proc. 2024-40) <table><thead><tr><th>Attained age in tax year</th><th>Limitation on premiums</th></tr></thead><tbody><tr><td>40 or less</td><td>\$480</td></tr><tr><td>More than 40 through 50</td><td>\$900</td></tr><tr><td>More than 50 through 60</td><td>\$1,800</td></tr><tr><td>More than 60 through 70</td><td>\$4,810</td></tr><tr><td>Older than 70</td><td>\$6,020</td></tr></tbody></table> Medical expense deduction is allowable to extent that such expenses (including payment of eligible LTC premium) exceed 7.5% of AGI for 2025. (IRC§213(a))	Attained age in tax year	Limitation on premiums	40 or less	\$480	More than 40 through 50	\$900	More than 50 through 60	\$1,800	More than 60 through 70	\$4,810	Older than 70	\$6,020	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 those amounts that exceed the greater of: • Total qualified LTC expenses; or • \$420 per day (in 2025) (IRC§§104(a)(3), 7702B(a)(2), 7702B(d)(4), Rev. Proc. 2024-40) Non-forfeiture benefit (return of premium benefit): • 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))
Attained age in tax year	Limitation on premiums													
40 or less	\$480													
More than 40 through 50	\$900													
More than 50 through 60	\$1,800													
More than 60 through 70	\$4,810													
Older than 70	\$6,020													
HSA and Archer MSA owners	Eligible LTCi premium is a qualified medical expense. (IRC§213(d)(1)(D))													
Employee (non-owner)	Premiums paid by employee: • Deductible by employee who itemizes (subject to limitations above) • May NOT be paid through a cafeteria plan (IRC§125(f)(2)) • May NOT be paid through an FSA or similar arrangement. (IRC§106(c)) Premiums paid by employer: • Employer provided LTCi is treated as an accident and health plan. (IRC§7702B(a)(3)) • Deductible by employer (subject to reasonable compensation). (IRC§162(a)) Total (not eligible) LTCi premium paid is excluded from employee's income. (IRC§106(a)(1))	NOTE: The medical expense deduction is allowable to extent that such expenses (including payments of eligible LTCi premium) exceed the AGI limitation. (IRC§213(a))												

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Type of Taxpayer	Premium Deductions	Taxation of Benefits
C-Corporation (owner/employee)	Treated as employee	
Other Business Owners: • Sole-proprietor • 2%-plus shareholders in S-Corporation • Partner in a partnership • Member in an LLC taxed as sole proprietor, partnership, or S-Corporation	Eligible for self-employed health insurance deduction, taken on Schedule 1(Form 1040), line 17. (<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>) See table above for eligible LTCi premium Deduction is NOT limited to the AGI threshold. (outlined above)	

This document is only a **summary** of the tax treatment of qualified long-term care insurance.

Note: There may be implications under the Employment Retirement Income Security Act (ERISA) depending on how long term care insurance policies are made available to the employees and whether such arrangement constitutes an “employee benefit plan” under ERISA. Employers should consult their own tax and legal advisors for further information on potential ERISA implications.

