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Long-term care insurance

State Tax-Incentives Reference Guide

Many states offer tax incentives to those who include long-term care insurance (LTCi) in their extended-care planning.

The chart below provides a state-by-state listing of some of the tax deductions, credits and exclusions available. Because state rules and regulations can be complex and ever-changing, the information provided is general in nature and meant to be used for informational purposes only. It is not tax advice and does not guarantee that state benefits will be available. Before proceeding, you should consult your tax advisor to determine whether any state tax benefits are available in your situation.

State	Incentive	Summary	Statutes
Alabama	Deduction	Deduction of premiums for federally Tax-Qualified LTCi policies covering three or more years and meeting the requirements of Alabama Code 27-47-3.	*Alabama Code 40-18-15(27) (1996); Reg. 810-3-15.26*
Arkansas	Deduction	Deduction of federally Tax-Qualified LTCi premiums as itemized medical expense as available in federal law.	*Ark. Code Sec. 23-97-203; Reg. 1.26-51-423(a)(2)*
California	Deduction	Deduction of federally Tax-Qualified LTCi premiums as itemized medical expense as available in federal law.	*Cal. Rev. & Tax Code §17201*
Colorado	Credit	Tax credit for premiums paid for LTCi, to the lesser of: (A) 25% of the premiums, or (B) $150 per policy, for tax years starting on or after January 1, 2000. The credit is available only to individual filers with federal taxable income less than $50,000; joint filers with income less than $100,000 claiming credit for two policies; or for a joint policy that covers each individual separately. Policies must meet Colorado's definition of long-term care.	*C.R.S. 39-22-122*
District of Columbia	Deduction	Permits a deduction from gross income of LTCi premiums up to $500 per person per year, whether the person files individually or jointly.	*DC Official Code §47-1803.03*
Hawaii	Deduction	Deduction of premiums for LTCi as an itemized medical expense is similar to that available in federal law. The amount must be equal to the lesser of: (A) $2,500; or (B) The AGI "Phased-in Percentage."	*HRS §235 Section 2 (b)*
Idaho	Deduction	Deduction of premiums for LTCi policies that meet the requirements of Idaho Code 41-4603, purchased for the benefit of the taxpayer, or a dependent or an employee of the taxpayer.	*Idaho Code §63-3022Q*
Indiana	Deduction	Deduction of premium paid for qualified LTCi policy (as defined in IC 12-15-39.6-5) for taxpayer and/or spouse.	*IC 6-3-1-3.5 (12)*
Iowa	Deduction	Deduction of premiums for LTCi is similar to that available in federal law as an itemized medical expense, and not otherwise deducted from AGI.	*IAC Chapter 40, §701-40.48(422)*
Kentucky	Exclusion	Exclusion from Kentucky AGI of any amounts paid for LTCi as defined in the Kentucky code.	*KRS 140.010(10)(m); Reg. 304.14-600 & 610*
Louisiana	Credit	10% state tax credit for eligible premiums.	*LA Rev Stat § 47:297 (2018) (M5 & M6)*

State	Incentive	Summary	Statutes
Maine	Deduction	With effect from 1 Jan. 2004, a taxpayer may deduct any premiums for qualified LTCi, reduced by any amount deducted from federal income tax purposes in accordance with the Code, Section 162(1) and by the LTCi premiums claimed as an itemized deduction pursuant to section 5125.	*Rev. Stat. Title 36, Part 8, Chapter 805, Sec. 5122*
	Credit	For employers, tax credit for federally Tax- qualified LTCi, equal to the lowest of: (A) \$5,000; (B) 20% of the costs of providing coverage; or (C) \$100 for each covered employee.	*Title 36, Part 4, Section 2525, Chapter 357*
Maryland	Credit	An annual tax credit up to \$500 per insured (varying with the age of the insured and adjusted annually for inflation) for premiums of LTCi policies insuring the taxpayer, his/her spouse, parent, step-parent, child, or stepchild, if they reside in Maryland and were not covered by LTCi prior to July 1, 2000. Credit for the insured must not have been claimed by any taxpayer in any prior tax year. Credit in excess of the tax liability cannot be carried over.	*Chapter 242, Section 10-718*
	Credit	For employers, tax credit of 5% for long-term care costs incurred by employer to provide LTCi as employee benefit, not to exceed the lower of: (A) a total of \$5,000; or (B) \$100 per covered employee.	*MD Code, Tax - General, § 10-710* *§ 10-710. Long-term care insurance tax credit*
Minnesota	Credit	An annual tax credit for LTCi premiums equal to the lesser of: (A) 25% of premiums paid to the extent not deducted from federal taxation; or (B) \$100 for individual filers or \$200 for married couples filing jointly.	*Sec. 21, Sec. 290.0672 subdivision 2*
Mississippi	Credit	A credit against individual income taxes equal to 25% of the premium costs paid during the taxable year for a qualified LTCi policy covering the taxpayer, his/her spouse, parent, parent-in-law or dependent, but not to exceed the lesser of \$500 or the income tax liability. No carry-forward is allowed. No credit is allowed for any premium deducted, subtracted, or excluded from the taxpayer's net taxable income. No credit is allowed for the same expenditures claimed by another taxpayer.	*Ms. Code. Ann. §27-7-22.33*
Missouri	Deduction	Taxpayer may deduct from each Missouri taxable income all non-reimbursed amounts paid for state qualified LTCi premiums to the extent that such amounts are not included on the taxpayer's federal return. A married individual filing separately may only deduct the amount he personally paid for such premiums. NOTE: LTCi Policy does not have to be federally Tax-Qualified, and there is no cap on Missouri-deductible premiums.	*Section 8 of R.S. Mo. 334660 (1999.) Mo. Rev Stat. Sec.135.096. Secs. 376.951-376.958 of Mo. Long Term Care Insurance Act*
Montana	Deduction	Deduction of premiums for LTCi policies or certificates that provide coverage primarily for any qualified long-term care services, as defined in 26 U.S.C. 7702B©, for the benefit of the taxpayer, dependents, parents, or grandparents for tax years beginning 12/31/1996. A taxpayer may not claim both this deduction and the credit below for the same policy.	*Montana code 15-30-2131 deduction ltc (1)(g)(ii)*
New Jersey	Deduction	Deduction of medical expenses, including LTCi premiums, to the extent that they exceed 2% of adjusted gross income.	*N.J. Stat. Sec. 54A:3-3*
New Mexico	Credit	Individuals age 65+, may claim an additional exemption equal to \$3,000 for medical care expenses paid by individual, spouse, or dependent, if expenses exceed \$28,000 and are not reimbursed or compensated.	*NM Stat § 7-2-5.9*

State	Incentive	Summary	Statutes
New York	Credit	A credit is allowed equal to 20% of the premium paid during the taxable year for an LTCi policy that qualifies for such credit pursuant to Section 1117. The credit may not exceed $1,500 and is allowable only if the amount of NY AGI required to be reported on the return is less than $250,000. If the amount of credit allowable under this subsection for any taxable year shall exceed the taxpayer's tax for such year, the excess may be carried over to the following year or years and may be deducted from the Taxpayer's tax from such year or years.	*N.Y. Tax Law §606 Tax Chapter 60, Article 22, Part 1*
North Dakota	Credit	$250 per person for Partnership-qualified LTCi policies.	*N.D. Cent. Code Sec. 57-38-29.3*
Ohio	Deduction	Deduction of federally Tax-Qualified LTCi premiums.	*Ohio Rev. Stat. Section 5747.01(10)(A)*
Virginia	Deduction	Deduction of LTCi premiums provided the individual has not claimed a similar deduction of federal return.	*Chapter 298, §58.1-322(D)(10)*
	Credit	Effective on Jan. 1, 2006, a 15% credit against individual income tax for certain LTCi premiums, reduced by those deducted from federal or Virginia income tax.	*VA Chapter 298, §58.1-322(D)(10) LTC tax credit*
West Virginia	Deduction	Deduction of premiums from Federal AGI for state tax purposes for LTCi policies, as defined in W. Va. Code 33-15A-4 and covering at least a consecutive year, insuring the taxpayer or his/her spouse, parent or dependent, to the extent they are not deductible from federal taxation.	*W. Va. Code §11-21-12C*
Wisconsin	Deduction	Deduction of premiums for LTCi policies insuring the taxpayer or his/her spouse. Reduces Federal AGI for purpose of calculating state taxable income, to the extent a deduction is not taken on the federal return. Amounts included in this reduction are not included in calculating the state itemized deductions credit.	*Wis. Stat. §71.05(6)(b)26*

The chart information represents state law as it existed when this chart was created and may not reflect recent changes in state law. Statutes and summaries are believed to be accurate as of April 27, 2022.

This material only provides information about federal income tax treatment of long-term care insurance premiums. It does not provide complete details. State income tax treatment may differ from federal income tax treatment. Employers should consult with a qualified tax advisor for advice on including long-term care insurance in benefits planning. Thrivent and its financial advisors and professionals do not provide legal, accounting or tax advice. Consult your attorney or tax professional.

See IRS Publication 535 (Business Expenses) and IRS Publication 502 (Medical and Dental Expenses) for more information, including deduction calculation examples, and consult your tax advisor for specific advice.

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