

# DEDUCTIBILITY OF LONG-TERM CARE AS MEDICAL EXPENSES



Tresi Moore Weeks  
Weeks Law Firm

Special Needs Trust  
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## INTRODUCTION



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# INTRODUCTION

- Maximize funds available to our clients
- Income tax deductions and credits
- How long-term care expenses can be deducted from income tax as medical expenses

# INTRODUCTION

- Costs for long-term care deductible
  - For Chronically Ill Individual—who qualifies
  - Deduction taken by individual or relative if individual is a dependent
  - Who qualifies as a Dependent
  - In-home caregivers—what is deductible, what is not
  - How to deduct long-term care insurance premiums

# MEDICAL EXPENSE DEDUCTION

- Amount of Deduction
  - If not compensated by insurance or other means
  - For those who itemize
  - Deduct expenses in excess of standard deduction
    - (\$13K/26K)
  - To extent they exceed 7.5% of AGI

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## MEDICAL EXPENSE DEDUCTION

- Single taxpayer with \$100K AGI
- Pays \$15K mortgage interest, property and sales tax, so can itemize
- Supports person with disabilities-\$50K long term care
- Medical expense deduction \$42,500 (50,000-7500)



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