As medical care expenses escalate, increased interest is being expressed in long-term care insurance. The deductibility of this type of insurance is a meritorious question and can substantially influence the investment decision.

For farmers and other self-employed taxpayers, the premiums for a qualified long-term care insurance contract for yourself, your spouse, or your dependents are to be included (subject to the limits listed below) in the “health insurance deduction of the self-employed”. The current deductible percentage (1999-2001) for self-employed health insurance is 60%. Current proposed legislation would increase this deductibility to 100%.

Limits on long-term care insurance premiums are the lesser of:
1) the amount you pay,
2) the amount shown below:
   - age 40 or less $210
   - age 41 – 50 400
   - age 51 – 60 800
   - age 61 – 70 2,120
   - age 71 and above 2,660.

Use the age at the end of the year.