

PAYING FOR SENIOR LIVING



WHAT ABOUT TAX ADVANTAGES?

Tax deductibility of senior living expenses depends on various factors, including the type of senior living and the specific services provided.

For example, if a senior qualifies as a dependent, their medical and long-term care expenses may be deductible. This typically applies to seniors who require a certain level of care due to physical or cognitive impairments and meet the dependency criteria set by the Internal Revenue Service (IRS). In such cases, the costs associated with assisted living or nursing home care, including meals, lodging, and medical services, may be eligible for deduction.

Seniors who itemize their deductions may be able to claim a portion of their medical expenses, including senior living costs that exceed a certain percentage of their adjusted gross income (AGI). The IRS sets a threshold for medical expenses, which is subject to change each year. Seniors can deduct the portion of their senior living expenses that exceeds this threshold.

Seniors may also consider utilizing health savings accounts (HSAs) or flexible spending accounts (FSAs) to cover their senior living costs. Contributions to these accounts are tax-deductible, and if used for qualifying medical expenses, including senior living expenses, the withdrawals are tax-free.

It is important to consult with a tax professional or financial advisor to determine the specific tax implications and deductions available to you based on your unique circumstances. Tax laws can be complex and subject to change, so seeking professional guidance is essential to ensure accurate and up-to-date information.

