

# Are Senior Living Costs Tax Deductible?

For many families, senior living is an expensive undertaking. However, you may actually get some money back on your taxes. In certain situations, you can claim specific senior living expenses as deductions. But the rules are specific, and not every dollar spent will qualify.

Here's a helpful guide to understanding when and how senior living expenses might be tax-deductible, along with useful tips to make sure you take advantage of every available deduction.

## When Senior Living Costs Qualify as Medical Deductions

According to [IRS Publication 502](#), you can deduct medical bills when they total more than 7.5% of your adjusted gross income (AGI). This includes certain costs related to senior living, but not all of them. The deciding factor is your primary reasons for living in the community and receiving the care.

### Medical Care vs. Personal Care

- **Primarily for Medical Care:** If you, your spouse, or dependent moves into a senior living community (assisted living, memory care, or skilled nursing) primarily for medical reasons, the entire cost can be tax-deductible (after insurance reimbursements).
- **Primarily for Personal Care:** If the move is mainly for non-medical reasons, such as social engagement, security, or lifestyle, only the cost of medical care services is deductible. You can't deduct room, board, or general living expenses.

## Which Expenses Can Be Deducted?

In general, if you can tie the expense to a medically related need, it can be deducted. This could include:

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- **Personal Care Assistance:** You can deduct help with daily activities like dressing, bathing, and eating when your doctor certifies that you need help, and a licensed healthcare provider, such as a nurse or social worker, creates a care plan.
- **Meals and Lodging:** You can include the cost of meals and lodging if the principal reason for being in the community is to receive medical care.
- **Nursing Services:** You can deduct the wages paid for nursing care at home or in an independent living community. This includes tasks like medication management, dressing changes, and health monitoring, even if the caregiver isn't a licensed nurse.
- **Long-Term Care Services:** Preventive, therapeutic, and personal care prescribed by a healthcare professional in any setting are deductible.
- **Medical Devices and Equipment**
- **Prescribed Medications**
- **Transportation:** You can deduct travel costs for medical appointments, including mileage (21 cents per mile in 2024), parking, and tolls.
- **Insurance Premiums:** Premiums for Medicare, long-term care insurance (up to age-based limits), and supplemental health policies may also be deductible.
- **Medically Necessary Home Modifications** such as grab bars, ramps, or widened doorways in any home setting are deductible.

## What Is Not Deductible

It's equally important to know what you can't deduct, which includes:

- **Room and Board** in independent living communities and assisted living communities (when not medically necessary)
- **Non-Prescription Medications**
- **Nutritional Supplements**
- **Utilities**
- **Cable/Streaming Services**

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- **Personal Household Services, such as housekeeping or cooking** (when not medically necessary)
- **Health Club Dues**

## IRS Guidelines for Dependency Status

The IRS allows you to deduct medical expenses you pay for yourself, your spouse, or a dependent. If you're paying for a parent's or relative's senior living costs, your parent must qualify as your dependent to claim these expenses. You can claim a parent as a dependent if you provide more than half of their financial support for the year. Keep in mind that you can deduct only the bills you personally paid and only the amount that exceeds 7.5% of your adjusted gross income.

## Common Senior Living Scenarios

Here are a few examples to help clarify:

### Example 1: Assisted Living for Medical Need

Barbara moves into assisted living due to Alzheimer's disease. Her family doctor certified her condition, and her care plan includes daily supervision, medication management, and assistance with ADLs. Because her move is primarily for medical care, her entire monthly fee, including meals and lodging, is deductible, minus insurance reimbursements.

### Example 2: Independent Living for Lifestyle Choice

Frank chooses independent living for its social environment and meal services but does not require regular medical care. In this case, his cost of rent and meals are not deductible. If Frank's doctor later prescribes home health services while living in the community, those services may be deductible.

### Example 3: Skilled Nursing or Rehabilitation

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Susan requires skilled nursing care after surgery. Her stay is mainly for recovery and medical treatment. In this scenario, her full cost, including meals, lodging, and therapy, are most likely tax-deductible as a medical expense.

#### Example 4: Children Paying Parent's Assisted Living Costs

Kevin's mother, Joan, moves into an assisted living community after a doctor confirms she needs daily help with bathing, dressing, and medication management. Kevin covers all of Joan's living expenses, including her rent, care fees, and out-of-pocket medical costs. Since she fits the IRS definition of dependent, he can claim her on his tax return. This allows him to deduct her qualified medical expenses, including her assisted living costs. If Kevin splits Joan's expenses with his sister, he can deduct only the fees he pays, over the income limit.

## Important Limits and Requirements

As of 2025, these are the most important rules to remember when claiming senior living deductions:

- You must **itemize medical deductions** on your tax return ([Schedule A, Form 1040](#)).
- You can only deduct the portion of your total medical expenses that goes over **7.5% of your adjusted gross income**.
- **Documentation** is essential. Keep records of invoices, payments, contracts, care plans, and doctor's orders and assessments.

## Other Tax Considerations for Seniors and Families

In addition to medical deductions, other important tax benefits may help offset your senior living expenses. If you're 65 or older and meet certain income limits, you may qualify for the [Credit for the Elderly or the Disabled](#). This federal credit ranges from \$3,750 to \$7,500 and can reduce the amount of tax you owe. For 2024, the income limit for a single senior is \$17,500 or less, with no more than

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\$5,000 in nontaxable income such as Social Security, disability payments, pensions, or annuities.

Also, some states offer tax benefits to older adults who live independently, including tax credits, property tax reductions, or deductions for certain expenses. These programs vary widely by state and locality. Check with your local Area Agency on Aging (AAA) to see what options might be available to you. Taking advantage of these programs can help lower overall living costs and make senior living more affordable.

## Plan Ahead to Maximize Savings

Tax savings won't cover all your senior living expenses, but they can reduce your overall cost burden. Even partial deductions can provide meaningful tax relief when you're paying out-of-pocket for senior living and care.

We suggest these critical steps to receive the best tax benefits:

- Consult with a tax advisor who understands elder care deductions.
- Keep meticulous records of all your senior living and healthcare-related expenses.
- Get appropriate medical documentation to confirm care necessity.
- Check IRS guidelines annually because rules may change.

When you plan ahead and work with experts, you set yourself and your family up to avoid costly surprises. Learning the key details helps you make smarter choices and stretch your budget further.

## We're Here to Help You Navigate Your New Journey With Confidence

If you need help understanding your senior living options, services, or costs, contact Kisco Senior Living to speak with a trusted advisor.

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