

## **Tax Credits to Caretakers of those with Disabilities**

We truly live in an amazing time, despite what is currently going on in our world with the COVID-19 pandemic. Modern medicine has allowed us to live longer, live with less pain and with more convenience than at any other time in human history. Many that would not have a satisfactory quality of life now do so because of the advancements in medicine and technology. There are many such examples, however, one of my favorites is Steve Gleason. Steve is an Inland Northwest native. He attended Gonzaga Prep and Washington State University prior to playing professional football for the New Orleans Saints. However, what Steve has done off the field has had more of an impact on our world than what he did on it. Since leaving the National Football League, Steve was diagnosed with ALS. He has not let this diagnosis stop him. He has accomplished more since his diagnoses than all the years before and is a champion for many with, and without disabilities. There are many that will never have the opportunities that Steve has had, simply because of the nature of their disability or illness, we recognize that. Life is still filled with challenges that the able bodied will never have a true understanding of. The caretakers of those with disabilities are also heroes and sacrifice endlessly so that those they care for have the best quality of care, and life that every human deserves.

As I am sure you are well aware of, medical costs are at an all time high, even after politicians pushed through the "Affordable Care Act". At this time in my life I am a fairly healthy middle age adult. Still, I pay a ton in medical insurance and other healthcare related expenses each year. I can only imagine the cost to someone with a disability. Oftentimes, because of the nature of these disabilities, the primary caregiver is unable to hold outside employment. Caring for their family member or loved one is a full-time job. Any support they can get, whether physical or financial goes a long way to curbing expenses and stress. Fortunately, there are a few tax credits and opportunities for the caretakers of those with disabilities.

In 2014 Congress passed the Achieving a Better Life Experience (ABLE) act. This act allows the creation of an account, similar to a 529 college savings plan, specifically for the purpose of saving money for expenses related to the medical treatment, transportation, housing, education and assistive technology for those with disabilities. The money in the account grows tax free and can be spent on the previously mentioned expenses without implications. However, if the money is used for a non-qualifying expense there is a 10% penalty and is subject to income tax.

Another option available is to opt for a higher standard deduction. This option applies for those that are legally blind, vision impaired. There are additional benefits available here if the tax filer is over the age of 65. Keep in mind, you may claim someone with a disability as a dependent no matter the age assuming you are providing at least half of their care and support.

If you need to hire someone to care for your dependent while you go to work, there is a deduction available for that as well. You will need to itemize this deduction. It usually applies to children under the age of 13, however, it may also be used for disabled individuals over the age of 13 that have special needs.

The disability credit tends to fall for those that are retired and over the age of 65. The income limits are based on their filing status and adjusted gross income. For those under 65, much like when you took a sick day in school, it requires a statement (note) from your physician on IRS form Schedule R which certifies the permanent or total disability.

If your medical expenses exceed 10% of your adjusted gross income, then you can deduct medical expenses. This is typically very easy to achieve for caregivers of, and those with, disabilities. Expenses covered include unreimbursed hospital stays, prescription drugs, service animals, costs to attend medical conferences in order to obtain instructions on how to care for your loved one with a disability and transportation.

We always wish we could do more for those that cannot always help themselves. It is a noble task that these caregivers take on. As tax professionals we take our job seriously and try to educate our clients on what advantages there may be to whatever their tax or financial situation is. Whenever we encounter a client that has a disability, or the caregiver of someone with a disability we will work to find every advantage afforded to them.