Credit for Caring Act Would Offer Financial Relief for Family Caregivers

February 25, 2024 - In a move aimed at lightening the financial load on millions of American families, lawmakers are pushing forward with the Credit for Caring Act, a bill designed to provide much-needed assistance to those caring for elderly relatives. The proposed bipartisan seeks to offer a federal tax credit to working family caregivers, helping to offset the substantial expenses they incur while looking after loved ones. If passed, this bill could bring significant relief to households struggling with the costs associated with caregiving.

Under the proposed law, caregivers could receive up to a $5,000 nonrefundable federal tax credit, covering 30% of expenses above $2,000 annually. This means that caregivers who spend more than $2,000 on expenses such as transportation, medicine, or home modifications for their elderly relatives could be eligible for financial relief come tax time.

The impact of this legislation could be profound for the estimated 48 million Americans who serve as caregivers, collectively providing about $600 billion annually in unpaid care. These caregivers often face significant financial strain, spending an average of $7,200 out-of-pocket each year on caregiving expenses. That amounts to 26% of annual income on average.

The eligibility criteria for the tax credit are straightforward: caregivers must be working individuals who incur expenses related to caring for elderly family members. These expenses could include home modifications, adult day care, or medical costs. Notably, caregivers wouldnâ€™t need to live in the same household as the person they are caring for to qualify for the tax credit. This provision ensures that caregivers who provide support from a distance are not overlooked in the assistance provided by the bill.

For many caregivers, the financial strain of providing care for aging parents or spouses is compounded by the challenges of balancing caregiving responsibilities with work. According to AARP, 61% of caregivers also hold jobs either full or part-time, facing risks such as lost income and reduced career opportunities.
by Jim Malmberg
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