

## TOP TEN TAX TIPS FOR CAREGIVERS

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Did you know that some out-of-pocket expenses associated with long-term care, including transportation to medical appointments, long-term care insurance premiums, prescription drugs, privately hired in-home health care, and changes to a dwelling or care for medical reasons, are tax deductible as medical expenses? As a caregiver it is important to be aware of the tax deductions and credits that you might qualify to receive.

Here are some important tax tips for you to consider:

1. Get Organized Early. Assemble receipts for medical expenses, property taxes, charitable contributions, license tabs, prior years tax preparation expense, unreimbursed business expenses, mortgage interest and personal property taxes paid. Assemble income information including W-2s, 1099s, K-1, year end brokerage and bank statements. If you are assisting a loved one who has dementia, use the prior year's return as a checklist to make sure you are not missing important information.
2. Don't Procrastinate. It's hard to get around to the task of working on your tax return when you are already swamped with caregiving responsibilities. However, doing things at the last minute increase your chances of making mistakes on the return, and missing potential sources of tax savings.
3. Take Advantage of Free Information. The IRS offers recorded messages on 150 tax topics at Teletax Service, 1-800-829-4477. Tax forms and publications can be obtained at 1-800-TAX-FORM. The IRS staffs a tax help-line at 1-800-829-1040 and has a website at [www.irs.gov](http://www.irs.gov). Many post offices and libraries carry commonly used tax forms as well.
4. Take Minimum Required Distributions. If you are at least age 70 ½, make sure to take required minimum distribution from IRAs, TSAs, 401ks, profit-sharing or other qualified retirement plans. Failure to do so can result in a 50% penalty.
5. Claim a Dependent Deduction. If you are providing more than 50% of the support for a family member who has very little income, you may be able to claim that person as a dependent. If a family works together to support a loved one pursuant to a multiple support agreement, the dependent deduction may be allocated among the supporting family members.
6. Dependent Care Credit. If you pay for adult day care or home health care for a loved one while you work, you may qualify for the dependent care credit.
7. Home Adaptations. The cost of home adaptations for persons with disabilities may also qualify as medical expenses. Examples include building ramps, adding handrails or grab-bars in bathrooms and widening doorways to accommodate wheelchairs.

8. Long Term Care Expenses. Expenses of caring for a chronically ill person who needs assistance with eating, toileting, transferring, bathing, continence, or dressing may be deductible to the extent that expenses exceed 7.5% of adjusted gross income. Assistance must be needed in at least two of these areas. The services must be provided pursuant to a plan of care prescribed by a licensed health care practitioner. Deductible expenses may include home health care, assisted living, nursing home, therapy, personal care, or other services.

9. Check Estimated Taxes. Changes in your income or deductions during the year can affect your estimated tax payments. Check to see if your estimated payments are appropriate for your current situation. If your estimated payments are too low, you may incur penalties for underpayment.

10. Get Help. Call your Michigan state legislators for a free booklet called "Michigan Taxpayer's Guide" for State of Michigan taxes. Tax assistance is available in Kent County from a variety of organizations. Assistance is available at many of the senior centers, Cedar Rock Community Action Agency, Sheldon Complex, North East Complex, West Side Complex, and a variety of churches. A full list of the organizations providing assistance is available through the United Way "211" Help Number.

Provided as a public service of the Caregiver Resource Network. The Caregiver Resource Network is a collaboration of West Michigan organizations dedicated to providing for the needs and welfare of family and professional caregivers within the community. Funded by the Area Agency on Aging of Western Michigan with Older American's Act Title III-E, Family Caregiver Support funds. For more information consult our website at [www.caregiverresource.net](http://www.caregiverresource.net) or call toll free at 1-888-456-5664.