

Consumer Information from Mid Oregon Credit Union

News Now: [March 14, 2011](#)

Keep cost of caring for elderly parents under control

McLean, Va. (3/14/11)--More than 40% of caregivers spend about \$5,000 each year caring for a loved one; many individuals receiving care are parents of baby boomers (*USAToday.com*, Feb. 28).

If you're a caregiver, here are some ways to help cut costs that won't compromise quality of care:

- *Seek government help*--Your local Area Agency on Aging can suggest programs in your state that can help with the financial burden of caregiving. Fifteen states offer a Cash & Counseling program for low-income seniors who are eligible for Medicaid. The program helps seniors pay for in-home daycare, including care that family members provide.
- *Pay family members for caregiving*--More than one-third of caregivers have been forced to quit jobs, take early retirement, or reduce work hours because of their caregiving commitment. Consider paying yourself or another family member out of your parent's savings for the care you're providing. This "salary" can help offset lost income. To avoid disputes with other family members, create a contract that outlines the terms of the agreement.
- *Hire outside help*--A survey by the Hartford Group, Hartford, Conn., shows that 80% of boomer caregivers feel moderate to high levels of stress associated with caregiving. Younger boomers, between 45 and 54 years old, appear to be shouldering the greatest burden; half report that they worry about the impact that caregiving has on their jobs. Hiring someone to provide some care allows you to provide better care for your parent when you're fulfilling your caregiving role.
- *Claim your parent as a dependent*--You may be eligible to claim one or both of your parents as dependents, based on how much support you provide. To do this, your parent's income, excluding Social Security, must be less than the amount of the personal exemption. For 2010, the personal exemption was \$3,650; for 2011 it's \$3,700. You also must provide more than 50% of your parent's financial support to qualify. For more information, visit [irs.gov](#).
- *Deduct your parent's medical expenses*--If you can't claim a parent as a dependent, you might be able to deduct medical expenses. To qualify, you must provide at least 50% of your parent's financial support; your parent doesn't have to meet income restrictions. The deduction is limited to medical expenses that exceed 7.5% of your adjusted gross income. Qualified expenses include in-home health care, the cost of a nursing home, dental care and prescription drugs.
- *Consider your own long-term care*--After seeing firsthand what being a caregiver means financially and emotionally, many boomers are making arrangements for their own long-term care. Paying for long-term care insurance policies isn't easy for families that also are saving for retirement and children's college expenses. About 20 million middle-age Americans are stuck between conflicting sets of responsibilities, according to *stltoday.com*: caring for their own kids--and their parents. You also can start preparing for your own long-term care, without draining your money, by drawing up a living will and a health-care proxy.

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