

ISSUE BRIEF: HEALTH CARE AND FINANCIAL SECURITY FOR PRIMARY CAREGIVERS

The Situation

- Currently, there are approximately 6,000 applications with about 3,800 primary caregivers receiving tax exempt stipends under the new VA Comprehensive Caregiver Support program authorized under P.L. 111-163. Most full time primary caregivers have no other form of income by virtue of their critical role as caregiver and cannot pay certain state and federal taxes. Therefore, they may not be eligible for social safeguards for future healthcare and financial security such as Social Security, Medicare, and unemployment benefits, which these taxes support.

The Challenge

- Over half of the caregivers under VA's Comprehensive Caregiver Support program are 26 to 40 years old.
- Under this new program, nearly half of the primary caregivers are providing over 20 or more hours of daily caregiving. Their role as primary caregivers is a significant barrier to employment or self-employment at a time in their lives where they would be early their careers or otherwise be at their peak earning years.
- According to the Department of Veterans Affairs (VA) interpretation of the law, the stipends primary caregivers receive are tax exempt as authorized under 38 U.S.C. § 5301(a)(1). Additionally, according to the Internal Revenue Service Publication 525 (2012), *Taxable and Nontaxable Income*, any veterans' benefits paid by the VA, including benefits under the comprehensive caregiver assistance program are not taxable
- Without taxable income, primary caregivers of severely injured veterans are unable to pay state and federal taxes under the Federal Unemployment Tax Act (FUTA) and State Unemployment Tax Act (SUTA) for unemployment compensation programs, the Federal Insurance Contributions Act (FICA) or Self-Employment Contributions Act (SECA) for Social Security and Medicare.
- Thus, after a lifetime as a full time primary caregiver who has had no other form of taxable income may not be eligible for state and federal benefits such as Social Security, Medicare, and unemployment benefits.

The Solution

- DAV urges Congress to enact legislation that provides primary caregivers of severely injured veterans equal access to social safeguards for future healthcare and financial security.