

ASSISTED LIVING SOLUTIONS: Tax Policies to Support our Seniors & Caregivers

THE CHALLENGE Seniors are not saving for their care needs and more must be done to support the caregiving workforce.

THE SOLUTION Support common-sense tax reforms to empower seniors to access care, and to support caregivers in their workforce development.

Issue Summary

- Many Americans financially support the long-term care expenses of their loved ones, paying an average of \$7,000 per year in out-of-pocket expenses.
- Many Americans are not financially prepared for their own long-term care needs; more than 40% of baby boomers do not have any retirement or LTC savings.
- Argentum's Workforce Projections for Senior Care (released March 2023), shows a current shortage of more than 400,000 workers in long-term care that is projected to grow to more than 20 million workers by 2040. Workers are needed across a wide variety of sectors and skill levels.
- The Work Opportunity Tax Credit (WOTC), a federal program to help disadvantaged individuals secure employment, has not been updated since its creation in 1996.
- Many American have leftover savings in 529 plans. The SECURE 2.0 Act, signed into law in 2022, allows 529 funds to be converted from educational savings into retirement savings tax-free. Additional flexibility should be made to allow unused 529 savings to be used to cover long-term care expenses without incurring taxes or penalties.

Legislative Solutions

1. Reintroduce the Credit for Caring Act to provide a tax credit for the cost of caregiving;
2. Support H.R. 1177 & S. 492, the Improve and Enhance the Work Opportunity Tax Credit Act to provide a tax credit to hire more senior caregivers; and
3. Support policies to prevent tax penalties if 529 Accounts are used for the cost of long-term care.



Americans are not financially prepared for their long-term care needs and there are not nearly enough caregivers.



Tax reforms can help more Americans save for their care needs.



Reforms are needed to update workforce development tax credits.

WHAT IS ASSISTED LIVING?

Assisted living is a residential long-term care setting for older adults who need assistance with activities of daily living. They are seniors' homes—not institutional facilities.

Care involves managing multiple chronic health issues, supporting physical and mental well-being, and socialization. By offering nutritious restaurant-style dining options, a diverse calendar of social and educational activities, and a committed focus on resident engagement, assisted living plays a critical role in supporting seniors' independence, happiness, and overall health. Assisted living is licensed and regulated in all 50 states and D.C.