



HOW TO SURVIVE AS A FAMILY CAREGIVER

When You Need Outside Help:
How to Select an In-Home Care
Provider

Tom & Sandy Boughner

Franchise Owners, Home Instead Senior Care

Serving Jefferson and Clallam Counties

HOME CARE IS NOT HOME HEALTH CARE



Home Care:

- Non-medical services
- No Rx needed; you decide
- Not covered by health insurance
- Covered by most long-term care insurance

HOME CARE SERVICES



Personal Care Services

- Bathing & Toileting
- Dressing
- Grooming
- Medication reminders

Companionship Services

- Provide respite care
- Monitor diet and eating
- Check food expirations
- Assist with evening and tuck-in
- Stimulate mental awareness
- Assist with physical activity
- Facilitate outings

Household Services

- Light housekeeping
- Laundry and ironing
- Meal preparation
- Take out garbage
- Errands and transportation
- Change linens
- And more...

Alzheimer's/Dementia Care

- Includes each of the other three plus understanding of dementia and how best to interact with these clients

AGENCY VS. PRIVATE CAREGIVER

Agency Caregiver

- Costs more
- Agency licensed by state
- Background checked
- References checked
- Driving record checked
- Interviewed for suitability
- May be drug tested
- Bonded & insured
- Backup available

Private Caregiver (Gray Market)

- Costs less – IF nothing goes wrong!
- No license
- No background check
- You check references
- You request driving record
- You can interview
- Not drug tested
- Not bonded or insured
- Probably no backup

AGENCY VS. PRIVATE CAREGIVER



Agency Caregiver

- Trained caregiver
- Compatible caregiver
- Quality control
- Responsive staff
- Trust
- Agency's employee

Private Caregiver (Gray Market)

- May or may not be trained
- If not compatible, you must start over
- No quality control
- No staff
- ?
- May be your employee

ARE YOU THE EMPLOYER?

- Most private caregivers work “under the table”, the “gray market”
- Some may have a legitimate licensed business
- Is your caregiver your employee?
 - The feds say: She is your employee if you control what work she does and how she does it.
 - Who provides the tools is an important test
 - The state says: She is your employee if:
 - You supervise her(e.g., assign tasks, set hours, pay a wage), or
 - You hire her for her personal labor, and she does not have a business of her own (i.e., no Master Business License, business taxes)



Department of the Treasury
Internal Revenue Service

Publication 926
Cat. No. 64286A

Household Employer's Tax Guide

For Wages Paid in 2012

For use in **2012**



Get forms and other information
faster and easier by:

Internet IRS.gov

Nov 14, 2011

Contents

What's New	1
Reminder	2
Introduction	2
Do You Have a Household Employee?	2
Can Your Employee Legally Work in the United States?	3
Do You Need To Pay Employment Taxes?	3
Social Security and Medicare Taxes	4
Federal Unemployment (FUTA) Tax	6
Do You Need To Withhold Federal Income Tax?	7
What Do You Need To Know About the Earned Income Credit?	8
How Do You Make Tax Payments?	8
What Forms Must You File?	9
What Records Must You Keep?	10
Can You Claim a Credit for Child and Dependent Care Expenses?	10
How Can You Correct Schedule H?	11
How To Get Tax Help	12
Completed Examples of Schedule H, Form W-2, and Form W-3	14
Appendix: State Unemployment Tax Agencies	16
Index	19

What's New

Future developments. The IRS has created a page on IRS.gov for information about Publication 926, at www.irs.gov/pub926. Information about any future developments affecting Publication 926 (such as legislation enacted after we release it) will be posted on that page.

Social security and Medicare tax for 2012. For 2012, the employee tax rate for social security is 6.2%. The employer tax rate for social security remains unchanged at 6.2%. The 2012 social security wage base limit is \$110,100. In 2012, the Medicare tax rate is 1.45% each for employers and employees, unchanged from 2011. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household employees you pay \$1,800 or more in cash or an equivalent form of compensation. For more information, see *Social security and Medicare wages* under *Social Security and Medicare Taxes*, later.

FUTA tax rate for 2012. The FUTA tax rate remains unchanged at 6.0%.

A Guide to Hiring Independent Contractors in Washington State

You may be an employer with requirements – and not know it.

Ask yourself these three questions about the people
doing the work to help you understand your requirements.



Do they bring more
than their personal
labor to the job?



Are they working
without your
supervision?



Do they have an
established,
independent business?

IF YOU ARE THE EMPLOYER ...



- Is it “Casual Labor”? **“Casual (occasional) labor in or about private residences** such as babysitters or neighborhood kids or adults that go to residents in the area and mow lawns, rake leaves or use a snow blower to remove snow even when they are paid for this work.”

From L&I Website

IF YOU ARE THE EMPLOYER ...

- At the federal level, you must:
 - Establish eligibility to work in the US (I-9 form)
 - Pay Soc Security and Medicare (FICA) taxes
 - 13.3 % if you pay \$1,800/year, split with employee
 - Pay Federal unemployment tax (FUTA)
 - Currently 0.6% on first \$7,000 of wages, as long as you pay state unemployment tax also
- You may withhold federal income tax
 - But only if your employee asks and you agree

IF YOU ARE THE EMPLOYER ...

- At the state level, you must:
 - Meet Washington wage and hour requirements
 - Minimum wage, overtime, meals and breaks
 - Pay state unemployment tax
 - If you owe the federal UI tax, you owe the state tax
 - Rate varies depending on your history of terminating employees, usually between 1% and 6%
 - Pay workers' comp premiums if you have two or more full time employees
 - L&I recommends covering any employee

SO YOU HIRE A PRIVATE CAREGIVER: WHAT CAN GO WRONG??...



- Caregiver is injured on the job
 - No Workers' Comp coverage & homeowner's insurance will not cover
- You fire the caregiver
 - No unemployment insurance benefit. You could face a fine of at least \$1000 per quarter
- Elder abuse – If she is willing to work outside the law, can you trust her with your loved-one??

BOTTOM LINE

- You may save money by hiring a private caregiver.
- BUT, it takes a lot of knowledge and work to do it legally, and hiring a gray market caregiver under the table entails considerable risk!