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118TH CONGRESS
2D SESSION

H. R. 10182

To amend the Internal Revenue Code of 1986 to waive the 10-percent additional tax on early distributions from qualified retirement plans in the case of withdrawals for family caregiving expenses.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 2024

Mr. GOTTHEIMER (for himself, Mr. CISCOMANI, Mr. LAWLER, Mr. SUOZZI, Ms. WASSERMAN SCHULTZ, Mr. SOTO, and Mrs. CHERFILUS-MCCORMICK) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to waive the 10-percent additional tax on early distributions from qualified retirement plans in the case of withdrawals for family caregiving expenses.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Caregiver Financial Relief Act''.

SEC. 2. WAIVER OF 10-PERCENT ADDITIONAL TAX ON EARLY DISTRIBUTIONS FROM QUALIFIED RETIREMENT PLANS IN THE CASE OF WITHDRAWALS FOR FAMILY CAREGIVING EXPENSES.

(a) IN GENERAL.—Section 72(t)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(N) DISTRIBUTIONS FROM RETIREMENT PLANS IN CASE OF FAMILY CAREGIVING EXPENSES.—

"(i) IN GENERAL.—Any qualified family caregiving distribution.

"(ii) LIMITATION.—The aggregate amount which may be treated as a qualified family caregiving distribution by any individual shall not exceed $10,000.

"(iii) QUALIFIED FAMILY CAREGIVING DISTRIBUTION.—For purposes of this subparagraph, the term 'qualified family caregiving distribution' means a distribution from an applicable eligible retirement plan to an individual for amounts paid during the taxable year for family caregiving expenses.

"(iv) APPLICABLE ELIGIBLE RETIREMENT PLAN.—The term 'applicable eligible retirement plan' means an eligible retirement plan (as defined in paragraph (H)(vi)(I)).

"(v) FAMILY CAREGIVING EXPENSES.—For purposes of this subparagraph—

"(I) IN GENERAL.—Subject to subclause (III), the term 'family caregiving expenses' means expenditures for goods, services, and supports that—

"(aa) assist a qualified care recipient with accomplishing activities of daily living (as defined in section 7702B(c)(2)(B)) and instrumental activities of daily living (as defined in section 1915(k)(6)(F) of the Social Security Act (42 U.S.C. 1396n(k)(6)(F))), and

"(bb) are provided solely for use by such qualified care recipient.

"(II) GOODS, SERVICES, AND SUPPORTS.—For purposes of subclause (I), goods, services, and supports (as defined by the Secretary) shall include—

"(aa) human assistance, supervision, cuing and standby assistance,

"(bb) assistive technologies and devices (including remote health monitoring),

"(cc) environmental modifications (including home modifications),

"(dd) health maintenance tasks (such as medication management),

"(ee) information,

"(ff) transportation of the qualified care recipient,

"(gg) non-health items (such as incontinence supplies), and

"(hh) coordination of and services for people who live in their own home, a residential setting, or a nursing facility, as well as the cost of care in these or other locations.

"(III) FAMILY CAREGIVING EXPENSES FOR ELIGIBLE CAREGIVERS.—For purposes of subclause (I), the following shall be treated as family caregiving expenses if paid or incurred by an eligible caregiver:

"(aa) Expenditures for respite care for a qualified care recipient.

"(bb) Expenditures for counseling, support groups, or training relating to caring for a qualified care recipient.

"(cc) Lost wages for unpaid time off due to caring for a qualified care recipient as verified by an employer.

"(dd) Travel costs of the eligible caregiver related to caring for a qualified care recipient.

"(ee) Expenditures for technologies, as determined by the

Secretary, that assist an eligible caregiver in providing care for a qualified care recipient.

"(IV) HUMAN ASSISTANCE.—The term 'human assistance' includes the costs of a direct care worker.

"(V) DOCUMENTATION.—An expense shall not be taken into account under this section unless the eligible caregiver substantiates such expense under such regulations or guidance as the Secretary shall provide.

"(VI) MILEAGE RATE.—For purposes of this section, the mileage rate for the use of a passenger automobile shall be the standard mileage rate used to calculate the deductible costs of operating an automobile for medical purposes. Such rate may be used in lieu of actual automobile-related travel expenses.

"(VII) COORDINATION WITH ABLE ACCOUNTS.—Family caregiving expenses for a taxable year shall not include contributions to an ABLE account (as defined in section 529A).

"(vi) ELIGIBLE CAREGIVER.—For purposes of this subparagraph, the term 'eligible caregiver' means an individual who during the taxable year pays or incurs family caregiving expenses in connection with providing care for a qualified care recipient.

"(vii) QUALIFIED CARE RECIPIENT.—For purposes of this subparagraph—

"(I) IN GENERAL.—The term 'qualified care recipient' means, with respect to any taxable year, any individual who—

"(aa) is the spouse of the eligible caregiver, or any other person who bears a relationship to the eligible caregiver described in any of subparagraphs (A) through (H) of section 152(d)(2), and

"(bb) has been certified, before the due date for filing the return of tax for the taxable year, by a licensed health care practitioner (as defined in section 7702B(c)(4)) as being an individual with long-term care needs described in subclause (III) for a period—

"(AA) which is at least 180 consecutive days, and

"(BB) a portion of which occurs within the taxable year.

"(II) PERIOD FOR MAKING CERTIFICATION.—A certification shall not be treated as valid unless it is made within the 39½-month period ending on the due date described in subclause (I)(bb)(or such other period as the Secretary prescribes).

"(III) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this subclause if the individual meets any of the following requirements:

"(aa) The individual is at least 6 years of age and—

"(AA) is unable to perform (without substantial assistance from another individual) at least 2 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

"(BB) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform, without reminding or cuing assistance, at least 1 activity of daily living (as so defined) or to the extent provided in regulations prescribed by the Secretary (in consultation with the Secretary of Health and Human Services), is unable to engage in age appropriate activities.

"(bb) The individual is at least 2 but not 6 years of age and is unable due to a loss of functional capacity to perform (without substantial assistance from another individual) at least 2 of the following activities: eating, transferring, or mobility.

"(cc) The individual is under 2 years of age and requires specific durable medical equipment by reason of a severe health condition or requires a skilled practitioner trained to address the individual's condition to be available if the individual's parents or guardians are absent.

"(viii) AMOUNT DISTRIBUTED MAY BE REPAID.—Rules similar to the rules of subparagraph (H)(v) shall apply.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

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