OASIS · AT A GLANCE

Seven tax breaks disability caregivers keep leaving on the table

Most families supporting an adult child with a disability claim two of these. The other five exist, are legal, and are worth real money. Nobody at the CMH is going to mention them.

BY JIM PALASTY · 12 MIN READ · CAREGIVER FINANCE

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BREAKS MOST FAMILIES MISS

Legal. Documented. Routinely unclaimed.

How it works

THREE STEPS

STEP 1

Establish the dependency

Can you claim your adult child as a qualifying relative or child?

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STEP 2

Match the expense to the rule

Care costs, medical costs, and savings each have their own vehicle.

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STEP 3

Document before you file

Provider tax IDs, receipts, and a physician letter beat a good memory.

The 2026 numbers, in one place

Standard deduction, HoH	$24,150
Standard deduction, single	$16,100
Standard deduction, MFJ	$32,200
Credit for Other Dependents	$500 nonrefundable
Dependent care expenses	$3,000 one, $6,000 two or more
Dependent care credit rate	Up to 50 percent
Dependent Care FSA cap	$7,500
Medical expense threshold	7.5 percent of AGI
ABLE annual contribution	$20,000
ABLE to Work addition	Up to $34,064

WHAT ONE UNCLAIMED LINE COSTS

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Theresa filed as single for six straight years while her 27 year old son lived with her and she paid more than half the cost of the household. Head of Household would have applied every one of those years. When her preparer caught it, the amended returns covered what the open years allowed. The rest was simply gone, because nobody had ever told her the box existed.

THE SYSTEM DOES NOT VOLUNTEER MONEY IT OWES YOU.

What matters, at a glance

Head of Household

$24,150 standard deduction for 2026 versus $16,100 filing single. A difference of $8,050 in untaxed income.

Other Dependents

A $500 nonrefundable credit for a qualifying dependent who is too old for the Child Tax Credit.

Dependent care credit

Adult day programs and in-home care can qualify if the care lets you work. For 2026 the credit rate tops out at 50 percent of qualifying expenses, on up to $3,000 for one dependent or $6,000 for two or more. Most caregivers assume it is only for young children. It is not.

ABLE accounts got substantially better

For 2026 the annual contribution limit is $20,000, the disability onset age moved from 26 to 46, ABLE to Work became permanent, and up to $100,000 in the account is excluded from the SSI resource limit. The eligibility expansion alone brings roughly six million more people into range.

Medical deduction

Unreimbursed medical expenses are deductible above 7.5 percent of adjusted gross income if you itemize. High support needs families clear that bar more often than they think.

Dependent Care FSA

The pretax cap rose to $7,500 for 2026. Pretax beats a deduction, and it comes out of your paycheck.

BRING THESE · CHECK AS YOU GO

- [ ] Provider EIN or tax ID for every care provider
- [ ] Mileage log for medical and program transportation
- [ ] Records of who paid what share of household costs
- [ ] ABLE account statements and contribution records
- [ ] Receipts and statements for day program payments
- [ ] Physician letter on functional limitations
- [ ] Prior year returns for comparison and amendment
- [ ] Any SSI or SSDI award letters

YOUR MOVE

Work the list before you file

1. Confirm dependency status for your adult child.
2. Check whether Head of Household applies to you.
3. Collect provider names, addresses, and tax IDs.
4. Total unreimbursed medical costs against 7.5 percent of AGI.
5. Open or fund an ABLE account before December 31.
6. Take the whole folder to a preparer who knows disability.

This post is information, not tax advice. I am a parent who reads IRS publications, not a CPA. Run every item here past a preparer before you file.

RESOURCES NAMED IN THIS POST

irs.gov/newsroom · https://www.irs.gov/newsroom
ablenrc.org · https://www.ablenrc.org/
thearc.org · https://thearc.org/
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ABOUT THE AUTHOR

JP

Jim Palasty

Jim Palasty is the founder of OASIS for Autism and a single father of an adult autistic daughter in Michigan.