

MONEY MANAGEMENT

FINANCING YOUR PARENT'S CARE MAY LEAD TO TAX BREAKS

RENO-Whether you've taken an elderly parent into your home, hired a caretaker to look after your parent while you work, or paid your parents' medical expenses, you may be eligible to get some financial relief from an unlikely source: the Internal Revenue Service. Although the government won't reimburse you for the cost of caring for an elderly parent, the Nevada Society of CPAs says you may qualify for some tax breaks that can lighten your financial burden.

DEPENDENCY EXEMPTION

Many families fail to realize that support of an elderly parent may entitle them to a dependency exemption, currently worth up to \$2,450 on their home income tax returns.

How do you know if you can claim your parent as a dependent? Your parents must generally be a U.S. citizen with less than \$2,450 of gross income and must not file a joint tax return, unless it is only to claim a refund. In addition, you must provide more than 50 percent of your parent's total support, or be entitled to claim dependency exemption under a multiple support agreement.

MORE FAVORABLE FILING STATUS

If you are single and support your parent, you may file as a head of household the next time you prepare your tax return. This entitles you to use tax brackets that are more favorable than those provided for other singles. It also enables you to claim a larger standard than that allowed for singles who are not heads of households.

To qualify for head-of-household status, your parents must be eligible to be claimed as a dependent. The parent may live elsewhere, provided you maintain his or her household.

CARETAKER EXPENSES

If you hire someone to care or your elderly parent while you work, you may qualify for the dependent care tax credit which can be worth up to 30 percent of your dependent care expenses. Generally, you can claim the

credit only if the parent is physically or mentally incapable of caring for himself or herself, is your dependent, or would be your dependent except that he or she had gross income of \$2,450 or more or filed a joint return.

The credit is available whether you pay for someone to come into your home or use an adult day-care center, as long as the care is necessary for your parent's well-being and protection. However, you may not claim a credit for expenses of outside institutional care of your parent, unless he or she spends at least eight hours each day in your home.

To claim the credit, you must provide the caretaker's name, address, and Social Security number on your tax return. The credit amount is limited to your earned income or, if married, to the earned income of the spouse with the lower earnings. Other rules may also limit the amount of your credit.

MEDICAL EXPENSES

The medical expenses you pay for your parent may also be deductible if he or she qualifies as a dependent (without consideration of the gross income test). If you meet these requirements, you may add your parent's medical expenses to your own and deduct those expenses that exceed 7.5 percent of your adjusted gross income.

Some expenses, such as fees for nursing care provided

UNEMPLOYMENT
(Continued from Page 6)

In the Carson City labor market area (Carson City, Douglas, Lyon, and Storey Counties) unemployment was estimated at 6.1 percent, down six-tenths of a percentage point since June. And the Elko labor market area (Elko and Eureka Counties) unemployment rate was estimated at 6.1 percent, down seven-tenths of a percentage point since June.

The number of workers employed at Nevada businesses continues to grow, with over-the-year job gains in all basic industrial sectors.

for your parent in your home, may qualify as either a medical expense or a work-related dependent care expense. In such situations, you cannot claim the expense twice, but can treat it in a manner that will result in the greatest reduction on your tax.

TAX-FREE EMPLOYEE BENEFITS

You may be able to also offset some of the costs of caring for your elderly parent by taking advantage of some employee benefits. For example, some companies offer cafeteria plans in which you can elect to set aside part of your salary for dependent care assistance, or for medical expenses. These amounts would be excluded from

your income. Be aware that taking advantage of a dependent care assistance program may effect the amount of your dependent care credit, or even eliminate it altogether. Check with a CPA to determine which tax treatment would benefit you the most.

Finally, be sure to utilize local community resources that could

assist you in the care of your parents. In many instances, they are offered free of charge.

Money Management is a public service announcement on personal finance prepared and distributed by certified public accountants. Nevada Society of Certified Public Accountants, 5250 Neil Road,, Suite 205, Reno, Nevada 89502..

When it comes to the lowest home equity rates, it's all in the numbers.

7.30%
Introductory APR

9.30%
Standard APR

1-800-The-BoFA

Good opportunities are not always easy to spot, which is why it's nice when someone points one out. That's why at Bank of America we're putting out the word that we have one of the lowest rates on home equity lines. Plus, we're introducing Loan By Phone,TM the easiest way to take advantage of this offer. All you have to do is pick up the phone, give us a little information and you'll have your answer in about 24 hours. And best of all, there are no points and no bank fees. So now's the perfect time to remodel the kitchen or build that new pool. Simply call Loan By Phone at 1-800-THE-BOFA or stop by any branch to apply. But don't wait too long, because this is one opportunity you won't want to miss.

CALL 1-800-THE-BOFA.



Bank of America

BANKING ON AMERICA[®]

Home equity line rates as of 8/23/95. The introductory variable 7.30% APR is "discounted" for the first six billing cycles. Beginning in the seventh billing cycle, the standard fully-indexed APR will be based on the index plus a margin of 3.50%. APR can vary monthly. Maximum APR is 18%. No points, no fees and no closing costs to open a line of credit but borrower is responsible for any costs to provide required lien position. Annual fee of \$50 waived the first year. The APR on an optional fixed rate loan taken 8/23/95 was 11.26% APR for less than \$20,000 and 9.76% APR for \$20,000 or more. Additional finance charge of \$75 for fixed rate loans term 5 years or less, 1.5% of fixed rate loan amount if over 5 years. Rates for Nevada owner-occupied primary residences. Adequate property insurance required. Rate discount valid on Equity Maximizer[®] Standard Product. Program terms and conditions are subject to change without notice. ©1995 Bank of America Nevada. Member FDIC.



SAVE THIS VALUABLE COUPON

Communication Network
Convenient Location • 24 Hour • 7 Days a Week Access

- Cellular Phones at Low, Low Prices
- Fed Ex Authorized Shipping Center
- Beepers, Pagers, Voice Mail
- Keys, Rubber Stamps, Photocopying
- Fax and License Hanging

★ SPECIAL ★
MAIL BOX RENTAL
\$7 a month (6 mo. min.)
WITH THIS COUPON

(702) 369-3345
SE HABLA ESPAÑOL
900 E. KAREN AVE., SUITE D-111, LAS VEGAS, NV 89109

SAVE THIS VALUABLE COUPON