

MH-MR



Association for Retarded Citizens of Fort Worth news

December 1979

BOARD OF DIRECTORS ENJOY OPEN HOUSE AT ARC SMALL GROUP HOME

The Board of Directors attended an Open House hosted by the house parents and the client residents of the ARC Small Group Home on Saturday, December 1. The residents assisted in the preparation of the food and the decorating to be done for the party. The Board members were very pleased with the location of the Small Group Home and the facility itself, and with the manner in which the clients are being supervised in the further development of social and self-help skills.

Many lovely gifts, including several beautiful plants, pictures, alarm clock, decorative pillows, wall clocks, a shower curtain, macramé hangers, a Christmas tree, and Christmas decorations, were given to the clients by the Board members.

Several Board members are calling upon Sunday School classes, friends and neighbors to help provide additional items needed by the Small Group Home, such as a used vacuum cleaner, more pictures, additional alarm clocks, a shower curtain for the mens' shower, placemats and napkins. There are still many things needed by the clients, especially games, models, puzzles, or other items to help provide leisure time activities. If you have any usable items of this kind or any usable household items you would like to donate, please call the ARC office, 336-8661.

FREE GUARDIANSHIP WORKSHOP PLANNED

One of the many problems faced by parents of a mentally retarded son or daughter is that of determining whether they need a court appointed guardian when he or she reaches age 18. Some problems can be solved only by guardianship. Other problems, such as an adult's not being able to handle large amounts of money or valuable property, might be solved without getting guardianship. Because guardianship can be complicated and costly, parents should consider other ways of solving the problem before seeking guardianship.

Once a mentally retarded person turns age 18, parents are no longer natural guardians. They do not have the legal authority to make decisions for the retarded adult unless they are appointed his or her guardian by a judge. The ARC program on January 26th, will be a practical "How To Do It" workshop dealing with the following topics:

- o Who needs guardianship
- o What type of guardianship is needed
- o How to get a full guardianship
- o How to get a limited guardianship
- o Temporary guardianship
- o Powers of a guardianship
- o Choosing successor guardians
- o The court's order and what it means
- o Lawyer's fees and court costs
- o Cost-Saving ideas

WHEN: January 26th, 8:30 a.m. - 3:30 p.m.
WHERE: T.C.U., Student Union Building
Contact the ARC/FW at 336-8661 to register.



The entire issue of this month's ARC/FW newsletter is devoted to the income tax guide for parents and guardians.

The 1980 Income Tax Guide



Questions and answers about taxes. Do you qualify for a deduction? Which is the correct form?

Here is some helpful information

The IRS maintains toll-free numbers around the country listed in the phone book under U.S. Government, Internal Revenue Service. You may call these numbers to get information or to request free IRS information booklets. The booklets most relevant to parents of children with disabilities are:

- Publication #17 — Your Federal Income Tax;
- Publication #502 — Deductions for Medical and Dental Expenses;
- Publication #503 — Child Care and Disabled Dependent Credit;
- Publication #526 — Income Tax Deductions for Contributions

Be sure to ask for the publications that refer to preparation of 1979 tax returns. In the meantime, here are some guidelines that may help to prepare and file your tax return.

Form 1040 or 1040A?

Taxpayers have a choice of two forms when filing tax returns: Form 1040A, the short form, or Form 1040, the long form. Form 1040A requires that you take a single standard deduction, which has been a flat amount since 1977. These amounts have been raised, however, since last year. Please note the following figures in preparing your return for 1979.

- \$3400 for a married couple filing jointly and for surviving spouses;

- \$2300 for a single person;
- \$1700 for married persons filing separately.

However, if you can qualify for the child care credit you must file the long Form 1040.

Since many parents of children with disabilities spend substantial amounts of money on behalf of their child, their deductible expenses usually exceed the standard deduction. Therefore, it is often to their advantage to itemize expenses and file Form 1040.

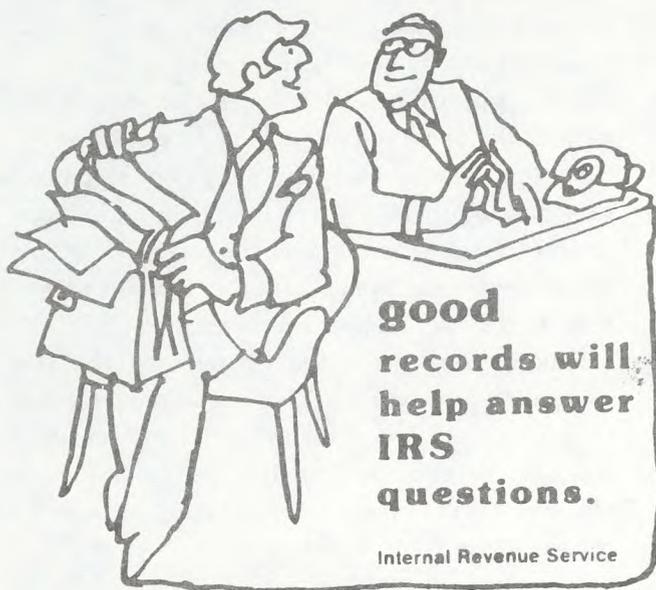
Keep Careful Records

If you plan to file Form 1040, we cannot emphasize enough the importance of keeping complete and accurate records. Although it is not necessary to file these records with your return, they will help you to fill out your return correctly. Moreover, they are invaluable should the IRS audit your return. Tax returns may be audited by the IRS up to three years after they are filed — so keep all records in a safe place for three years.

Record all expenses related to your child's disability — from costly operations and prescribed drugs to over-the-counter medicine recommended by your physician and purchased by you. Keep a notebook for this purpose in which you record:

1. Date of payment;
2. Name and address of the person providing the service;
3. Brief description of service provided;
4. Amount paid.

Always get a receipt to back up your records, whether you pay by check or in cash. If no formal receipt is available, note the specifics listed above on a slip of paper, have it signed, and file it with your records.



The cost of transportation related to medical care is also deductible. Keep a record of transportation expenditures in a notebook specifically designated for this purpose or in a special section of your expenses notebook.

As a general practice keep all cancelled checks, bills and receipts related to deductible expenses. Expenses are deductible in the year in which the payment is made. Thus, if you have an operation in December 1978, but pay the hospital bill in January 1979, the expense is deductible on your 1979 tax return — the year you pay the bill.

Let the IRS Know Who You Are

Tax returns are processed by a computer that automatically singles out any taxpayer who claims high deductions. If you explain your child's disability and the deductions you are claiming in a letter accompanying your return, the IRS is more likely to understand your claims and less likely to audit your return.

Have your child's physician write a letter explaining the nature of your child's disability and the prescribed care. List the various specialists, therapists, physicians and treatments necessary to your child's health and have your doctor verify your child's participation in these programs. Enclose a copy of your doctor's letter with your return and keep the original for your file.

Gray Areas

Tax law, like any law, is subject to differences in interpretation. Questions arise about what is and is not deductible. These questionable areas are described by the IRS as "gray areas." We urge you to contact the IRS with your specific questions and dilemmas. You may write to your local IRS office **at any time during the year** to request a ruling. Direct your letter to the attention of the District Director, explain your case and ask for a determination letter.

What is Medical Care?

The IRS defines medical care expenses to include payments for the diagnosis, cure, alleviation and treatment of a disease or dysfunction of the body. In the opinion of the IRS, anyone who renders services to diagnose, cure, alleviate or treat a disease or dysfunction of the body qualifies as a health practitioner whose fees are deductible. The words **physician** and **doctor**, as used in this article, refer to the person who performs these services for your child. Many nonmedical practitioners, including some without doctorates, are considered health practitioners by the IRS. In addition to practitioners' fees, the expenditures itemized below are also deductible.

Medical and Dental Expenses

Operations and Drugs. Any operation, providing it is advised by a doctor, is a deductible medical expense. Such operations now include legal abortions and acupuncture. Contraceptive devices, vitamins (when prescribed by a doctor), prescription drugs and some over-the-counter medicines are all deductible expenditures.

When deducting the cost of over-the-counter medicines, keep in mind that they must be prescribed (or recommended) by a doctor and they must serve as a treatment for a specific illness. For example, the cost of a bath oil that you purchase because you enjoy bathing in it is not deductible. However, if your doctor prescribes a specific bath oil to treat a skin disease, then its cost is deductible.

A special food or beverage prescribed by a physician solely to treat an illness is deductible. However, these foods must be in addition to your normal diet. The cost of special foods or beverages taken as substitute for whatever you normally consume is not deductible. If you deduct food or beverage costs, include a statement from your doctor with your return.

Special Services. The costs of special services necessary to treating your child's disability are deductible. Any hospital services such as emergency ward treatment, lab fees, x-rays, rental of equipment and ambulance service are considered medical expenses and can be deducted.

The cost of nurses, domestic help or companions who render services directly to the disabled person are also deductible, including their board when paid by the taxpayer.

Special Aids. A disabled child may require special aids. The Internal Revenue Service has ruled that the cost of such aids, when advised by a doctor, is deductible unless it adds to the value of your home. A list of these aids, as specified by the IRS, follows. (If you use an aid not listed, check with the IRS to determine whether it is deductible.)

- autoette
- excess cost of a specially designed automobile
- mechanical lifting devices
- tape recorder
- special typewriter
- special lamps
- special written material
- seeing-eye dog and its maintenance costs
- device to add fluoride to water, when prescribed by a doctor
- special mattresses and boards for treatment of spinal condition
- special food prescribed by a doctor (only the cost over and above the price of a normal diet is deductible)
- oxygen equipment to alleviate difficulty in breathing
- remedial reading programs to correct dyslexia
- cost (and cost of repair) of special telephone that has teletype signals enabling a disabled person, who could otherwise not use a phone, to communicate
- eyeglasses
- elastic stockings
- hearing aids
- artificial limbs and teeth
- wheelchair
- that portion of the cost of Braille books and magazines that exceeds the price of regular printed editions.

Equipment such as an air conditioner or an elevator installed in your home for medical purposes may be

deductible, unless its addition to your home increases the property value. For example, if you install an elevator at a cost of \$1000 and the value of your home is thus increased by \$400, you may claim the difference, \$600, as a medical expense.

Rulings in two cases involving swimming pools help to clarify these issues. In one case, it was ruled that the cost of a swimming pool specifically designed to provide hydrotherapy and installed on the recommendation of a doctor was deductible as a medical expense. In another case, the cost of a **standard** swimming pool recommended by a doctor was not entirely deductible. It was ruled that the swimming pool was a permanent improvement that increased the value of the property, and its total cost was therefore not a deductible medical expense. However, if the pool costs more than the amount it adds to the value of the property, then the excess cost is deductible.

Therapeutic Activities for Parents. Your doctor may advise you to attend meetings of groups of parents of disabled children. The cost of these meetings, including transportation or any other doctor-recommended activity, may also be interpreted as a deductible expense. A subscription to THE EXCEPTIONAL PARENT magazine would probably fall within this category. These activities fall within the IRS guidelines on medical expenses because they are in the interest of your child's health. Attendance at a parents' group social event is **not**, however, a tax-deductible expense.



WORKING PARENTS: CHECK OUT TAX BENEFITS FOR CHILD CARE.

When Parents Pay for Special Education. If your child attends a special school or institution at the suggestion of a practitioner, and if his/her program there is designed specifically to alleviate the disability, then the cost — including room and board — is deductible. You may not deduct the cost of a private school unless treatment of a disability is its primary purpose. However, if the school itemizes its fees — e.g., room, meals, recreation, medical care — then the fee paid specifically for medical care is deductible.

In some instances the cost of classes outside of school can be deducted. For example, it was decided that payments for remedial reading training to help correct dyslexia were deductible as a medical expense. In another case, the costs of travel training for a mentally retarded child were found to be deductible.

When sending a disabled child away to school you may deduct the total cost only if it can be established that the facility's primary purpose is treatment of the disability. For example, if an emotionally disturbed child is unable to function in a public school, then the cost of sending the child to a private school that specializes in teaching children with emotional problems is deductible. Similarly, the costs, including transportation costs, of sending a mentally retarded child to a school with a special program for children who are mentally retarded are deductible.

Remember: in order for you to be able to deduct the cost of a school it must offer a special program or special facilities to treat your child's disability. For example, parents of a child with emotional problems were not allowed to deduct the cost of his private school even though he attended a remedial reading program there. Since the school primarily served "normal" children and the remedial reading program was offered to any student with a reading problem, it was ruled that this particular school had no special program to treat this boy's disability. Therefore no deduction was allowed.

Two other cases further clarify this distinction. In one instance, parents of a deaf child sent her to a "regular" private school because they believed that she would be motivated to act in a more "normal" way if she attended a school with "normal" children. The judge ruled that — even though the child might benefit from the school — because the school did not offer special programs for the deaf its cost was not deductible.

In another case, it was ruled that even though a child attended a private school on the advice of a psychiatrist, the cost was not deductible because the school offered no psychotherapy and had no psychiatrists or psychologists

on its staff. In other words, it is not enough for a school to offer a healthy or beneficial atmosphere for a particular child. It must offer specific programs or have special facilities to treat the child's disability if its cost is to be deductible.

Community Residences; Camps. A dependent may attend a specially selected home to facilitate the transition and adjustment from institutional to community living. The cost of this type of home is deductible.

Any special camp recommended by a doctor for your child is deductible. The rules for camps are the same as those for schools: the camp must offer a special program or special facilities relevant to your child's needs in order for its cost to be deductible.

You may also deduct all nonrefundable advance payments to a private institution for lifetime care, supervision, treatment and training for a physically and mentally disabled dependent in the event of your inability to care for him/her. To be allowable as deductions, these payments must be required as a condition of the institution's future acceptance of your dependent.

Transportation. All transportation costs related to medical care are deductible, whether you use your own vehicle, taxi cabs, a private transport service or

- to and from the doctor's office when the primary purpose of the trip is to receive medical services,
- to and from a special school away from home,
- to and from a meeting or appointment to receive treatment,
- to visit your child living away from home when visits are therapeutically necessary, or
- on a trip determined by your child's physician to be necessary to his/her health,

then you may deduct the cost of transportation. If you drive your own automobile, you may either deduct eight cents per mile and any parking fees or tolls, or, if you prefer, you may deduct your gas and oil cost instead of the rate per mile.

Not only trips to doctors and other medical practitioners are deductible. Transportation to and from any activity recommended by a doctor or other medical practitioner may be a deductible expense.

The cost of meals and lodging on long trips to get medical care is a deductible expense. In a recent case these costs were ruled to be deductible. A husband and wife traveled from Kentucky to Minnesota to receive

special medical care. The court ruled that the cost of their meals and lodging, as well as their mileage, was deductible as a transportation expense in that these expenses were an essential part of the cost of bringing them to the stipulated place of treatment. All living and traveling costs incurred in pursuit of medical care are deductible.

In this context, the living expenses incurred while taking a dependent to a special school, residence or camp — as well as to a hospital, clinic or doctor — are deductible. It is also possible that expenses incurred while visiting a dependent who is staying at a special educational or medical facility may be deductible. If you make trips like this, check with the IRS to find out if they are a deductible medical expense.

Is There Any Limitation On Deductions?

In figuring how much of your total medical expenses you may deduct, there are three factors to consider:

Medicine and Drugs. You may deduct payments for medicine and drugs to the extent they exceed one percent of your adjusted gross income, but not beyond three percent.

Medical Insurance. You may also deduct one-half of the amount you — not your employer — paid for medical insurance premiums in 1979. This deduction may not exceed \$150. The remainder of the cost of medical insurance should be included with your other medical expenses.

For example, if you spend \$400 on medical insurance you may separately deduct \$150 on your income tax. The remaining \$250 is added to your total medical expenses.

Total Medical and Dental Expenses. That part of your total medical and dental expenses that exceeds three percent of your adjusted gross income is deductible. In other words, after you have totaled all your medical and dental expenses — including the amount spent for medicine and drugs that is more than one percent of your income and the amount of your insurance payments not separately deducted — you may deduct that portion of the total which is allowed: that in excess of three percent of adjusted gross income.

How Does All This Work?

Take a specific hypothetical example. A family's adjusted gross income totals \$15,000. Their medical in-

surance costs \$200, medicine and drugs \$300, and other medical expenses \$2000. This family's medical deduction is computed as follows:

Medical Insurance. Expenditures were \$200. One-half of the cost of premiums is deductible from the outset. That equals \$100. Since the \$100 does not exceed \$150 limit, this family may deduct \$100. The remaining \$100 will be included in completing their expenses.

Drugs and Medicine. Expenditures were \$300. one percent of the adjusted gross income of \$15,000 is \$150. The cost of drugs and medicine in excess of one percent of the adjusted gross income is \$150. This \$150 will be included in completing their medical expenses.

Other Medical Expenses. Expenditures were \$2000.

To figure total medical expenses add:

Deductible payments for medicine and drugs	\$ 150
Medical insurance costs not directly deductible	100
Other medical expenses	2000

Subtotal \$2250

From this total subtract:

Three percent of total adjusted gross
income of \$15,000 — \$ 450

Subtotal \$1800

The total of deductible medical expenses
is equal to:

Medical expenses minus three percent of
adjusted gross income \$1800
Plus the deductible cost of medical insurance 100

Total deduction for medical and insurance
expenses \$1900

Child Care Credit

The Tax Reform Act of 1976 eliminated deductions for employment-related child care expenses. Recently-enacted tax laws give child care credit. The amount of the child care credit earned by a taxpayer is subtracted from the total amount owed in taxes after all deductions have been figured. The credit may be used on either Form 1040A, the short form with standard deductions, or Form 1040, the long form.

To qualify for the child care credit you must have:

1. a dependent under fifteen or



If someone cares for your children while you work, you may have a tax credit of up to \$800 coming to you. Check your tax instructions for details.

2. a spouse or dependent of any age who is incapable of self-care.

If a taxpayer has one such dependent, he earns a credit of twenty percent of all household and personal care expenses up to \$2000 (\$400 maximum credit).

If a taxpayer has two or more such dependents he earns a credit of twenty percent of all household personal care expenses up to \$4000 (\$800 maximum credit).

Payments for a child under fifteen can be applied to the credit whether the payments are for care in the home or outside the home. Thus, the cost of a day care center or of care in another person's home qualifies for credit. Note, however, that household and personal care for a spouse or other older dependent must take place in the home if it is to be deductible.

Under the law, child care payments to relatives qualify for the credit as long as the relative is not a dependent of the taxpayer and is not your child under 19 years of age at the end of the year.

In the past, child care expenses were deductible only when they were necessary to allow:

1. both parents to work full-time or seek full-time work; or
2. a single parent to work full-time or seek full-time work.

The new tax credit is available to married couples if one works full-time and the other is a part-time worker or a full-time student. However, if one spouse works only part-time, then the amount of child care expense

that counts toward the credit is limited to the earnings of the spouse with the lower income. For example, if Mr. Jones is employed full-time and earns \$10,000 a year, and Mrs. Jones works part-time and earns \$1500, then, regardless of how much they spend on child care, a maximum of \$1500 can count toward the child care credit.

A single parent taxpayer is subject to the same rules when he or she works part-time. That is, he or she earns credit equal to the amount earned in part-time work.

If one spouse or a single taxpayer is a full-time student and has no income, then the law treats that person as if he or she were earning \$166 per month if there is one dependent, or \$333 if there are two or more dependents. In this way, students may earn credit for those months they attend school full-time.

For example, assume Mrs. Jones works full-time and Mr. Jones attends college full-time for nine months. If the Joneses spend \$3000 this year for someone to look after their child, they may credit only \$1197 (nine months x \$133) of that total toward their child care credit.

Married couples may claim the credit only if they file a joint return. A divorced or separated parent may take the credit for a child under fifteen as long as he or she has custody of that child for a longer period during the year than the other parent, regardless of who claims the child as a dependent. A deserted spouse may claim the credit if the deserting spouse has been absent for the last six months of the year.

If a child turns fifteen during the year, all child care expenses incurred up to his or her birthday may be deducted. But the year-long limit remains constant. Therefore, if a child turns fifteen in June, and you have already spent \$3000 on care, you may earn credit on \$2000, the limit for one full year.

The child care credit is nonrefundable. That means that the tax credit cannot reduce your taxes below \$50. In other words, if, after you figure all deductions, you owe the government \$200 in taxes and you have a \$400 child care credit, then you would pay no taxes. However, the government would not owe you \$200, and there would be no carry-over to the next tax year.

In general the result of this section of the law is that middle-income parents of disabled children will pay more in taxes. For clarification of the new child care credit, call, write or visit the IRS with your questions.

This information originally appeared in the December 1978 issue of THE EXCEPTIONAL PARENT. It has been updated and is reprinted with permission.

ARC/FW CALENDAR OF EVENTS FOR JANUARY

- Jan 3 ARC/FW BOARD MEETING, 7 - 9 P.M., Child Study Center, 1300 West Lancaster.
- Jan 18 WELCOME TO MY WORLD, 7 - 9 P.M., Child Study Center Auditorium.
- Jan 26 PROVIDING FOR THE FUTURE: A Workshop About Guardianship, 8:30 A.M. - 3:30 P.M. Conference Room 205 in the Student Union Building, Texas Christian University. Call the ARC/FW office at 336-8661 to register.

ARC NEWS is a monthly publication of the Association for Retarded Citizens of Fort Worth, a local unit of the Texas Association for Retarded Citizens and the National Association for Retarded Citizens. ARC of Fort Worth is a United Way agency serving children and adults with mental retardation in the greater Fort Worth area.

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