



PROVISION OF THE SECURE ACT

Tax-Exempt Difficulty-Of-Care Payments

Many home healthcare workers do not have taxable income because their only compensation comes from "difficulty-of-care" payments that are exempt from taxation. Because those workers do not have taxable income, they were not able to save for retirement in a qualified retirement plan or IRA. For IRA contributions made after Dec. 20, 2019 (and retroactively starting in 2016 for contributions made to certain qualified retirement plans), the new rules allow these workers to contribute to a retirement plan or IRA by providing that tax-exempt difficulty-of-care payments are treated as compensation for purposes of calculating the contribution limits to certain qualified plans and IRAs.