Compensating Family Caregivers: An Analysis of Tax Initiatives and Pension Schemes

Janice Keefe and Pamela Fancey

Introduction

In Canada, informal caregivers are responsible for 80 to 90 percent of the assistance provided to elderly persons in their homes.\(^1\) With the country’s shift to community care, families are being challenged to fulfill increased expectations of their caregiving role. The development of community support programs for caregivers has varied across the provinces, and policy development in this area has been inconsistent. No national policy addressing family members caring for elderly kin currently exists. While provinces have jurisdiction over the direct service programs to caregivers such as home support and respite, the federal government has increasingly used the taxation system as a vehicle to support caregivers by offering tax credits and tax exemptions. Using this approach, the caregiver is compensated but in an indirect way. The purpose of this paper is to review current approaches of indirectly compensating caregivers in Canada and compare similar initiatives with select countries.

Indirect financial assistance may take the form of tax relief, pension credits or social security benefits. The claimant may be either the individual in need of care or the provider of care. Most often, these forms of financial assistance are aimed at the caregiver. These indirect forms of financial assistance are typically intended to support the informal caregiver system and even encourage families either to give more care to their relatives or assume more of the costs of caregiving.\(^2\) These initiatives are usually premised on economic objectives to reduce or delay the institutionalization of the individual with care needs and thereby decrease the cost to the health care system.\(^3\) We focus primarily on tax relief initiatives in this paper as they are most commonly available; however, pension schemes for caregivers in Britain and Norway are also reviewed.\(^4\)

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\(^2\) N.L. Chappell, Social Support and Aging (Toronto: Butterworths, 1992) at 33.


\(^5\) Other more direct approaches of compensating informal caregivers include the direct allocation of money to consumers to enable them to purchase services (occasionally including services from informal supports), as well as a direct monetary payment to informal caregivers in order to compensate informal
Method

This research has two objectives: 1) To review a range of tax relief and pension schemes for caregivers in Canada and in select countries; and 2) To evaluate these policies using specific criteria of adequacy, suitability, sustainability and equity. The findings are part of a larger study on the effects of direct and indirect financial compensation on both caregivers and care receivers. The research design used two approaches. First, a systematic review of the published and unpublished literature was conducted. Relevant sources were identified through databases (e.g., Volnet, Ageinfo, Ageline, Sociofile, Social Work Abstracts, Medline, Canadian Business and Consumer Affairs), Internet searches, and a manual review of key journals. Second, we consulted with key informants and researchers in Canada and internationally.

It is important to note that any international comparison of programs must be understood within the political context in which such programs were created. The countries reviewed for this research had enormous variability in the scope and nature of their social welfare system and the extent to which their programs of financial compensation were imbedded in a larger system of community services for the disabled population or the elderly. Our international comparison of taxation and pension programs is not intended to be an exhaustive review of all indirect financial compensation programs but rather to represent different approaches and understand what are the implications of introducing such a program in Canada.

The literature was analysed using an evaluation framework that consisted of four criteria: equity, adequacy and suitability as recommended by Stone and Keigher, and sustainability as added by the authors. These criteria are explained as follows:

- **Equity**: How fairly and impartially are benefits available to all caregivers and receivers? Do certain types of policies have greater benefit for certain socio-economic classes? Are they universally available both in terms of geography as well as eligibility criteria?
- **Adequacy**: To what extent do the provisions meet certain requirements; e.g. Should the program maintain a minimum standard of living, or be sufficient to compensate for lost employment?
- **Suitability (or Appropriateness)**: Are the services appropriate or compatible with clients’ needs? Does the program meet the care needs of the care receivers and/or the caregiver?
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- *Sustainability:* Do the programs or services help to continue the caregiving relationship? Would the person being cared for be placed in an institution earlier if the program or support was not available?

**Description of Programs**

**Tax Relief**

Tax relief is one form of indirect financial assistance. Such incentives include a tax credit, a tax deduction or a tax exemption. Examples of tax relief programs for caregivers can be found in Canada, the Netherlands, the United States, Norway, Great Britain, Germany, Singapore and France. An overview of select programs is presented in the table below.

**Examples of tax relief initiatives in Canada, United States and select other countries**

<table>
<thead>
<tr>
<th>Tax Relief</th>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>Canada</td>
<td><em>Infirm Dependent Tax Credit,</em> caregivers whose dependent must be assessed by physician as severely disabled; maximum credit of $400 non-refundable.</td>
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<tr>
<td></td>
<td></td>
<td><em>Caregiver Tax Credit,</em> caregivers in the same household as their dependent; maximum credit of $400 non-refundable (in addition to infirm dependent tax credit).</td>
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<tr>
<td></td>
<td></td>
<td><em>Disability Tax Credit &amp; Medical Expenses,</em> transferable to caregiver; expenses must exceed $1,614 or 3% of net income - non-refundable</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td><em>Dependent Care Tax Credit,</em> for employed caregivers who provide 50% of dependents support; maximum credit of $2,189 (Canadian)</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>A credit of $760 (Canadian) is available for each relative supported</td>
</tr>
<tr>
<td>Deductions</td>
<td>United States</td>
<td>Available in 8 states, e.g., Idaho - $1,520 (Canadian) deductible from taxable income</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>Incidental home help costs deductible from income ($1,469 Canadian) Regular home help costs deductible from income ($9,793 Canadian)</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>50% of intermittent home help costs deductible from income ($552 Canadian)</td>
</tr>
<tr>
<td>Exemptions</td>
<td>United States</td>
<td>Arizona - $912 (Canadian) exemption from tax for paying at least 25% of the costs of a long term care facility, in home support or medical costs</td>
</tr>
<tr>
<td></td>
<td>Sweden</td>
<td>Informal Carer Allowance exempt from income tax</td>
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</tbody>
</table>

*Canadian equivalency of maximum amount is presented.

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*See A. Evers, M. Pijl & C. Ungerson, eds., *Payments for Care: A Comparative Overview* (Aldershot, Hants., U.K.: Avebury, 1994) for a review of payment programs in several countries.
Tax Credit: A tax credit compensates the taxpayer for the costs of providing care or purchasing care-related services by enabling an amount to be deducted from taxed owed.\(^7\) Credits may be either refundable (i.e. cash refund to claimant) or non-refundable (no cash refund available even if difference remains after reducing taxes payable to zero). Some non-refundable credits are transferable if the claimant does not need the full amount to reduce his/her taxes to zero.

In Canada, the Infirm Dependent Tax Credit is a non-refundable credit available to taxpayers who care for disabled family member persons aged 18 or older. These persons may or may not reside with the taxpayer but they must be assessed by a physician as having a severe and prolonged mental or physical impairment and be dependent upon the claimant for support.\(^8\) Eligibility is based on the net income of the dependent. First implemented in 1988, this credit was enhanced in 1996 to increase the maximum credit from $270 to $400. This enhancement was made to assist more effectively persons who care for individuals with incomes below the basic personal amount.

More recently, the federal government announced a new federal tax credit for caregivers of up to $400 in addition to the Infirm Dependent Tax Credit. It is expected to increase or extend assistance to well over 400,000 Canadians caring for family members with an infirmity or disability.\(^9\) This credit is only available to caregivers who co-reside with the dependent. Moreover, it is only available when the dependent’s net income is less than $13,853.\(^10\)

Another non-refundable tax credit is the unused portion of the Disability Tax Credit that may be transferred by a disabled person to a spouse or supporting relative.\(^11\) To be eligible for this credit the disabled person must be declared by a physician to have a severe and prolonged impairment that restricts them from performing at least one of their basic activities of daily living. Thus, eligibility for this tax credit is based on the effects of the impairment rather than its presence.\(^12\)

In Canada, also at the federal level, persons with disabilities or their caregivers may apply for the Medical Expenses Tax Credit. This is a non-refundable credit for medical expenses. Caregivers can claim the expenses they incurred on behalf of a dependent relative.\(^13\) The total expenses must exceed $1,614 or 3 percent of the claimant’s net income, a threshold lower than in most other countries.\(^14\) Allowable

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\(^{1}\)Pillemer, MacAdam & Wolf, supra, note 3 at 81.
\(^{5}\)Revenue Canada, Tax Information for People with Disabilities (P149E Rev. 96) (Ottawa: Ministry of Supply and Services, 1996).
\(^{6}\)Department of Finance, Disability tax credit. Evaluation of recent experience. (Ottawa: Ministry of Supply and Services, 1992) [hereinafter, Disability tax credit].
\(^{7}\)Stikeman, supra note 8 at s. 118.2(1).
\(^{8}\)Disability tax credit, supra note 12.
medical expenses include payments to health professionals, equipment and devices, adaptations to vehicle or driveway, travel for special treatment as well as the costs of hiring part-time or full-time attendant care. The limit for attendant care expenses was increased from $5,000 to $10,000 in 1997. A disabled person may claim the cost of employing a family member as an attendant (excluding spouse) but only when payroll deductions have been completed and a federal income tax receipt (T4 slip) has been issued.

The U.S. also has a Federal Dependent Care Tax Credit that covers expenses incurred for the care of children, elderly and disabled dependents incapable of self-care for whom the taxpayer maintains a household. To be eligible, the taxpayer must be employed and have supplied over half of the dependent’s support for the taxable year and, if married, both spouses must be employed or seeking gainful employment. Targeted to provide the greatest benefit to low and moderate income families, the amount of claimable credit is determined by the taxpayer’s expenses and adjusted gross income. The maximum annual credit is $1,440 ($2,189 Canadian) for low-income taxpayers with two or more dependents who spend at least $4,800 ($7,296 Canadian) on care.

In addition, almost one half of the U.S. states offer a dependent care tax credit. Most programs follow the federal credit format and thus cover expenses of both children and other dependents, but there is much interstate variation in the eligibility criteria and scope of coverage. For example, in addition to the federal tax credit, the State of Idaho offers a $100 ($152 Canadian) refundable tax credit to family members other than a spouse who provide in-home care and at least 50 percent of the support for an elderly relative.

Tax relief for family caregivers is also found in some overseas countries. For example, in Singapore, taxpayers can receive income tax relief of about $500 U.S. ($760 Canadian) for each parent or grandparent they support. In the Netherlands, a tax credit is available to a single person who is providing in-home care to

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17Stone & Keigher, supra note 5 at 65.


19Foreign exchange rates to Canadian dollars are provided to give a crude comparison with international programs. The conversion is based on the rate for July, 1999.

20Keigher & Stone, supra note 18 at 41.

21Ibid. at 65.

someone 27 years of age or older and who otherwise would receive professional care. Additionally, the care recipient is also entitled to a tax credit.  

Tax Deduction: A tax deduction enables one's gross income to be lowered before calculating tax liability, either as an adjustment to one's gross income or through itemized deductions.  

In the US, eight states offer a tax deduction for dependent care. A study of tax relief in the states of Idaho and Arizona during the 1980s reports that, in Idaho, a $1,000 deduction ($1,520 Canadian) from taxable income can be claimed for each elderly person for whom in-home care is provided, and in Arizona, caregivers are able to itemize and claim a deduction of payments for health-related services made on behalf of an elderly person, whether or not the person is a blood relative. A similar benefit is available in the Netherlands, where family caregivers can receive a tax deduction for expenses incurred for the support of a relative who cannot support him/her self.  

In Germany, family caregivers can claim a deduction for the costs of employing additional domestic assistance on a regular or occasional basis for a household member who requires additional care, and for specific items, which are related to the impairment and not reimbursed elsewhere. Incidental or irregular assistance can be offset by up to DM 1,800 per year ($1,469 Canadian), and if a home-helper is employed on a regular or insured basis, costs of up to DM 12,000 per annum ($9,793 Canadian) can be offset. France provides a similar tax benefit, allowing a tax deduction of 50 percent of the salary paid to a home-helper who assists the dependent person with intermittent housework or personal care, to a maximum of 2,160 Francs ($552 Canadian).  

Tax Exemption: A tax exemption is a specific sum of money that is exempted from gross taxes and consequently not required to be declared at tax time. The study of tax relief by Hendrickson, for example, reports that in Arizona a $1,000 ($1,520 Canadian) personal exemption was granted for every taxpayer who paid 25 percent or more of the total yearly costs of an elderly person’s nursing care in an institution, supervisory care facility, or foster care home; 25 percent or more of home health costs; or at least $800 ($1,216 Canadian) toward other medical costs. Subsequent amendments have changed the benefit from a personal to a dependent exemption and lowered the exemption to $600 ($912 Canadian), the level for all other dependents.  

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1M. Pijl et al., “Payments for Care: The Case of The Netherlands” in A. Evers, M. Pijl & C. Ungerson, eds., supra note 6 at 150.  
2Pillmer, MacAdam & Wolf, supra note 3 at 81.  
3Keigher & Stone, supra note 5 at 41.  
4Hendrickson, supra note 2 at 123; Smith Barusch, supra note 22 at 318.  
5Pijl et al., supra note 24 at 150.  
7M. Joel & C. Martin, “Payments for Care: The Case of France” in A. Evers, M. Pijl, & C. Ungerson, eds., supra note 6 at 180.  
8Pillmer, MacAdam & Wolf, supra note 3 at 81.  
9Hendrickson, supra 2 at 123.
Other types of exemption approaches, which benefit caregiving situations, include tax-free allowances that are provided to caregivers or care receivers and exemptions of taxes when purchasing services or products. For example in Sweden, direct cash payments to family members when a need for home care services is established are not subject to taxation. In Canada, a tax exemption was proposed as part of the 1998 federal budget whereby caregivers would be exempt from paying GST/HST on respite care services. However, this proposed policy has not yet passed legislation but was reintroduced for discussion in December 1999.

**Pension Schemes**

Pension schemes are a form of indirect financial assistance that provide caregivers with long term benefits rather than material support while giving care. The intention of this benefit is to protect caregivers who cannot seek employment because of caregiving responsibilities against income losses from future retirement benefits. Canada does not have such a pension scheme, in fact few countries employ this indirect form of support. In some countries, however, pension credits are maintained for employees who must leave their jobs to give care to relatives for temporary periods. These benefits are a substitute for lost pension benefits through employment. We focus on public pension schemes that provide benefits to caregivers because of their caring work.

In Norway, unmarried family caregivers whose ability to support themselves has been impaired by long-term care of parents or other close relatives are eligible for post caregiving pensions from the National Social Insurance Fund. These caregivers must have been out of the workforce for at least five years and have been employed by the municipality to provide care to their elderly family member. Upon the death or institutionalization of the care-dependent, these caregivers lose their income from the municipality and any supplemental income that may have been provided by the relative for whom they cared. Since they have been out of the formal labour force for at least five years, they usually have a reduced ability to support themselves through paid work and are compensated by these pension benefits. Benefits cease upon marriage or eligibility for old age pensions at 67 years of age and are reduced against employment income. Pension levels are the same as the minimum old age pension. Pensions are subject to income taxation at slightly reduced rates relative to other incomes. These pensions are increasingly rare in Norway due to fewer unmarried, non-employed devoting their lives to caring for dependent relatives. The majority of persons receiving this pension are women (72%). Nine out of ten are over 50 years of age.

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33L. Johansson & G. Sundstrom, “Payments for Care: The Case of Sweden” in A. Evers M. Pijl & C. Ungerson, eds., supra note 6 at 95.
35S. Lingsom, “Payments for Care: The Case of Norway” in A. Evers M. Pijl & C. Ungerson, eds., supra note 6 at 76.
36Ibid.
The other pension scheme available to family caregivers in Norway is in the form of a pension credit. Caregivers must have had extensive care obligations for at least six months of the year hindering them from supporting themselves in the labour market.\(^{37}\) The principal eligibility requirement is that a minimum of 22 hours per week must be devoted to caregiving. Caregivers must apply for the credits each year. A minimum of three pension credits per year are available which corresponds to an income less than the average income for women employed on a full-time basis. Caregivers past retirement age are not eligible. The economic value of the pension credit is dependent upon the employment and earnings history of the caregiver over the life course; thus housewives with little or no employment outside the home achieve little economic advantage through the pension credit scheme.\(^{38}\)

In Britain a similar credit is offered to care providers. Those who receive the Invalid Care Allowance (“ICA”), a monthly direct payment to caregivers, are entitled to pension credits for each week the benefit is received. Those who do not receive the ICA but provide care for a minimum of 35 hours per week for 48 weeks to someone who receives the Attendance Allowance can also receive pension credits under the Home Responsibilities Protection program.\(^{39}\) Similarly, in Finland, informal caregivers who receive state sponsored financial compensation for their caring work are entitled to employment pension accrual.\(^{40}\)

It would appear then that public pension schemes have a significant effect on long term expenditures of government. These are a long-term approach to recognizing the costs involved in providing care as a result of lost employment income and benefits. Their costs to government are more uncertain and delayed to the future, but nevertheless eventually incurred.

**Evaluation Criteria**

Introduction of tax benefit programs is often made in recognition of the costs incurred by the informal caregiver; however, restrictive eligibility criteria may result in compensation being unavailable to those most in need. Moreover, the complexity of the criteria results in the “inverse care law” – that is, persons most in need may be least likely to apply for reimbursement while those least in need may have more capacity to claim it.\(^{41}\) This section reviews the adequacy, equity, suitability and sustainability of the tax incentives and pension schemes reviewed above.

\(^{37}\)Ibid. at 76-77.

\(^{38}\)Ibid.

\(^{39}\)Glendinning & McLaughlin, supra note 29 at 26.

\(^{40}\)Ministry of Social Affairs and Health (Finland): Policy on Aging (Helsinki: Print House Snellman Ltd., 1999) at 21.

Adequacy

Research on tax relief approaches provides little evidence of the adequacy of the compensation to facilitate caregiving. Some authors have suggested that efforts to support family caregivers through tax relief are often too small to be of significant help.\(^\text{42}\) Without definitive evidence, it is unclear whether tax relief meets the economic objective of delaying or reducing the risk of institutionalization of individuals with high care needs. Tax credits may stimulate and strengthen the informal caregiving system and encourage relatives to assume some of the costs for services that might otherwise require public support. However, the time lag in receiving assistance likely means that they are ineffective in targeting situations where there is a risk of institutionalization.\(^\text{43}\) Research suggests that pension schemes are also inadequate as a sole means of support to caregivers. Such “incentives” provide too little too late when one’s health and economic situation are reduced as a result of retirement and the normal aging process.

Equity

From the caregiver’s perspective, both tax relief and pension schemes are inequitable in the manner in which they currently exist. Both forms of indirect assistance have strict eligibility criteria rendering them unusable by the majority of caregivers. For example, the Infirm Dependent Tax Credit in Canada is only available to those caregiving Canadians whose dependent’s net income is not more than $6,456. The U.S. Dependent Care Tax Credit is only for taxpayers who are employed. As a result, a large proportion of American caregivers who have left the labour force to look after chronically disabled relatives are ineligible,\(^\text{44}\) as are unemployed and retired individuals.\(^\text{45}\) Indeed, Canadian data suggest that only one quarter of caregivers are in the paid labour force.\(^\text{46}\)

Some types of taxation relief also discriminate against the poor. While informal caregivers seldom identify financial hardship as a major problem in providing care or as an important reason for deciding on nursing home placement, direct expenses are incurred.\(^\text{47}\) For low income families, using a tax benefit that compensates them for expenses may have limited benefit if they do not have the financial resources to purchase services or adequate supplies and/or equipment during the taxation year,\(^\text{48}\) or if they are unable to meet the maximum care expenses required to be eligible for a tax credit.\(^\text{49}\) Those tax credits that are non-refundable

\[^{42}\text{Rivlin & Wiener, supra note 3 at 181.}\]
\[^{43}\text{Pillemer, MacAdam & Wolf, supra note 3 at 81.}\]
\[^{44}\text{Hooyman & Gonyea, supra note 18 at 251.}\]
\[^{46}\text{K. Cranswick, “Canada’s Caregivers” (1997) Winter Canadian Social Trends 2 at 3.}\]
\[^{47}\text{Rivlin & Wiener, supra note 3 at 166.}\]
\[^{48}\text{Ibid.}\]
\[^{49}\text{Stone & Keigher, supra note 5 at 65.}\]
also have limited use for those families who have no tax liability.\footnote{Ibid.} Generally, tax relief does not phase out as gross income rises, so it has more value to those with higher incomes.\footnote{Smith Barusch, supra note 22 at 319.}

Similar equity concerns exist for pension schemes. For example, in the U.K. pension benefit security is available only to caregivers who are eligible to receive certain benefits. Specifically only those who either receive the ICA or care for someone who receives the Attendance Allowance or Disability Living Allowance can earn pension credits.\footnote{Glendinning & McLaughlin, supra note 29 at 26.} There are no comparable measures to protect the entitlement of caregivers within other pension schemes. Additionally, there are strict criteria attached to pension benefits which restrict their utility.

The advantages of receiving pension credits as an indirect benefit can vary considerably depending on the pension system of a particular country. For instance, in Norway, pension credits have minimal value for spousal caregivers who may have had little or no additional employment outside of the home. Full pensions require 40 years of accredited earnings, and to receive even a basic pension one has to accumulate a minimum of 10 years of credits.\footnote{Lingsom, supra note 35 at 76.}

### Suitability

Existing tax schemes may require clients and caregivers to live in the same household. This is the least preferred option for relatives and elderly clients as well as the most stressful caregiving pattern.\footnote{Stone & Keigher, supra note 5 at 65.} Similarly, criteria attached to pension schemes render them unsuitable for the majority of today’s caregivers. The U.S. Federal Dependent Care Tax Credit requires that the dependents spend at least eight hours per day in the household of the caregiver.\footnote{Stone & Keigher, supra note 5 at 65.} This is unsuited to those who provide care to their relative and may work or live close by. The criteria for determining what is caregiving and the level of disability is usually left to a medical professional’s discretion and there is ambiguity among professional assessments. There is also an inability under a tax relief approach to account for fluctuation in caregiving needs.

In Norway, the typical recipients of the caregiving pension from the National Social Insurance fund are unmarried, non-employed women. Because of the increasing rate of women’s participation in the paid labour force, there are fewer non-employed women devoting their lives to caring for dependent relatives.\footnote{Lingsom, supra note 35 at 76.}
Sustainability

Should tax relief be considered for the caregiving situation on the assumption that it will stimulate and even encourage greater involvement by family members? There is little empirical evidence to support this assumption. In fact, the majority of families respond voluntarily to the needs of their aged members to the best of their capabilities. As Sussman concludes, “at best, incentives facilitate the process and make it easier for the already committed and do little to change the minds of the refusers.”57 In this way, tax incentives are seen to support existing caregiving situations, but not to change the behaviour of families who at the outset reject their caregiving role.58 In fairness, few tax benefits are established to sustain the caregiving relationship. They are generally too little, too late, and too restrictive to make a major impact.

Pension schemes as an indirect form of compensation are only achieved post-caregiving and possible after a time lag of several years. For instance, pensions are available at retirement age (for example, age 65) and yet, the caregiving may have occurred many years prior to retirement age. Therefore, while pension schemes recognize the value of caring work, they do little to influence the sustainability of the current caregiving relationship.

Summary and Future Directions

Tax relief can be politically appealing because of the potential for universal coverage, administrative simplicity, and consumer sovereignty.59 From an administrative perspective, tax relief is simple and less costly than the direct expenditures involved in implementing services. From a user perspective, indirect forms of compensation can offer some economic help to family care providers and promote consumer choice by allowing the individual with care needs and his/her caregiver to decide how best to use home care resources.60 However, little empirical evidence exists to interpret the usefulness of these initiatives for informal caregivers.

More research is needed to analyse current users of Canadian taxation programs to support caregivers, including the Disability Tax Credit, the Infirm Dependent Credit and most recently, the Caregiver Tax Credit. Several incentives have existed since the 1980s but as yet, published information on either the profile of users or the potential ways in which the initiatives contribute to the caregiving relationship is not available. Moreover, the effect of these initiatives on the caregiving situation, such as sustaining the relationship or alleviating stress on the caregiver, is unknown.

58Ibid.
59Pillemer, Macadam & Wolf, supra note 3 at 81; Smith Barusch, supra note 22 at 319.
60Rivlin & Wiener, supra note 3 at181; Hooyman & Gonyea, supra note 18 at 251.
Research is also needed to understand the implications of developing a pension scheme for caregivers in Canada. According to the 1996 Census, 16 percent of non-employed Canadians (unemployed or not in the labour force) provided unpaid help to a senior.\footnote{Statistics Canada The Daily, “1996 Census: Labour force activity, occupation and industry, place of work, mode of transportation to work, unpaid work” (Ottawa, March 1998).} Because these individuals are not currently employed, they are not contributing to benefits such as the Canada Pension Plan. Currently pension contributions are only available for drop out periods related to childcare. Investigation is needed to understand the implications of extending this policy to caring for persons with long-term health problems or disabilities.

Another key issue is the limited knowledge of these tax incentives by informal caregivers and professionals who work with families. Although the tax system may be administratively the desirable approach of government (compared to the delivery of direct services), it may be more difficult for caregivers to access. In fact, people may perceive the system as a maze and, because of the complexities, not utilize it.

Our research has suggested that the federal government has given considerable attention to the support of caregivers at a national level through the taxation system. The primary aim of indirect compensation policies is to recognize the costs involved in providing care. Consequently, these benefits are more of a remuneration than a statement on the value or contribution of informal caregiving. This remuneration has limited impact on the cost of caring for a family member,\footnote{Hendrickson, supra note 2 at 123.} yet pertains to a select group of caregivers. Nevertheless, there are subsequent economic losses to governments from lost tax revenue. While there may be political benefits for the federal government to develop and enhance initiatives directed towards family caregivers, our analysis raises questions about the adequacy, equity and suitability of these initiatives. We strongly recommend research be undertaken to evaluate the benefits of tax credits for family caregivers and to analyse caregivers who use these initiatives.