

# Cash or Credit?: How to Best Help Elder Caregivers

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**MarketWatch Blog** by [Geoffrey T. Sanzenbacher](#)



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*The answer from caregivers is clear.*

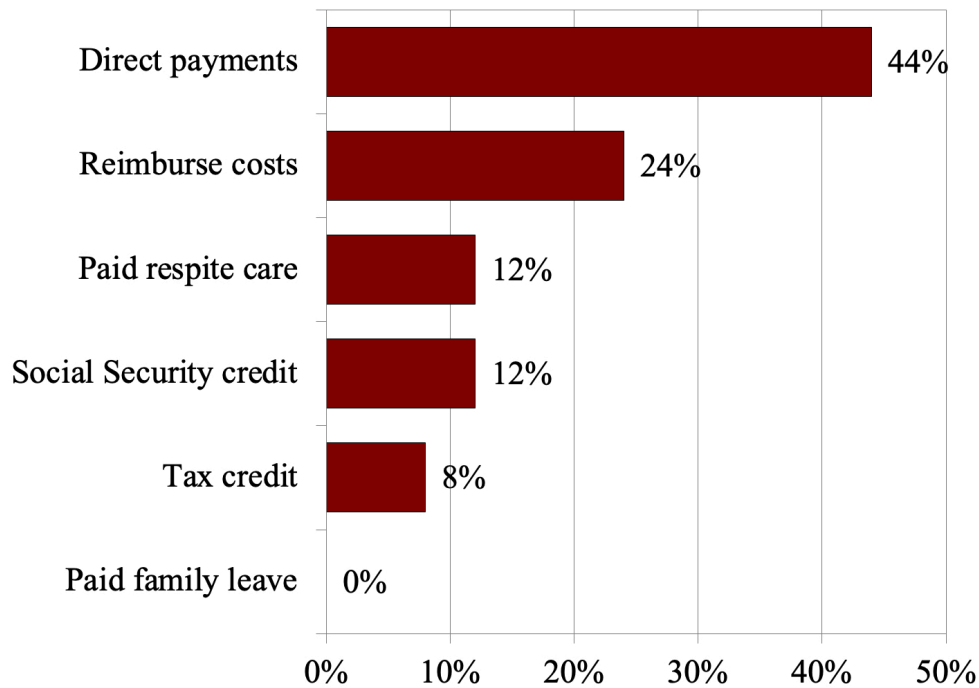
In the U.S. today, roughly 38 million people provide unpaid eldercare. That number is likely to dramatically increase in the future as the number of people needing care grows. One of the biggest challenges with unpaid care is...well, that it's unpaid – and, in fact, it often *reduces* people's income.

Providing care can require caregivers to take time off work, downshift to flexible jobs, or leave work entirely. Given this financial challenge, it isn't surprising that policymakers have focused on supporting caregivers. The problem – as some colleagues pointed out in a [new study](#) – is that it isn't clear which policies would benefit caregivers the most.

To explore what caregivers want, the study's authors took a novel approach – they asked them! During a series of focus groups, the researchers covered six policies: 1) paid family leave; 2) direct payment from the government for providing family care; 3) tax credits for providing care; 4) caregiver credits toward Social Security benefits; 5) paid respite care; and 6) reimbursements for caregiver out-of-pocket costs. The groups included 25 caregivers ranging in age from 26 to 67 who varied by income, race/ethnicity, and employment

status. Figure 1 summarizes the results. While caregivers liked any support they could get, the top two policies share one thing in common: cash, now!

Figure 1. *Most Important Caregiving Policies to Focus Group Members*



Source: Marc Cohen, Anqi Chen, Claire Wickersham, Christian Weller, and Brandon Wilson. 2024. “Which Long-Term Care Support Policies Are Best for Caregivers.” *Issue Brief 24-25*. Center for Retirement Research at Boston College.

People had much less enthusiasm for some of the other policies. Having respite care paid for was less popular relative to direct payments for a few reasons. As one caregiver put it succinctly: “I don’t trust many people.” Plus, others worried whether the respite caregiver would be able to interact with the care recipient. Or, as a focus group member put it: “[i]f you’re going to send somebody in that’s not me, they would need body armor.”

Credits fared even worse. The Social Security credit approach – basically caregivers would get a higher Social Security benefit even if they don’t work for pay while caregiving – fell victim to a likely culprit: time. According to one

focus group member: “I’m not [going to] retire for another 20 years, so I’d rather have money now.” Tax credits and extended sick leave were even more unpopular, largely because they are tied to jobs that caregivers may be unable to hold.

So, how do current policies stack up compared to these caregivers’ preferences? Not too well. While most states’ Medicaid programs do offer direct payments to informal caregivers, one focus group member pointed out the flaws: “It’s a very long approval process, maybe four to six months, and the person you care for has to receive state-funded Medicaid.” And, while a tax credit for caregiving expenses exists, it is non-refundable, so it can’t put cash in the pocket of a caregiver, just reduce their tax bill. In any case, the credit can only be used for expenses that enable the caregiver to hold a job or look for one – hardly useful for retired caregivers or caregivers that cannot hold a paid job.

OK, if current policy falls short, how about future policy? Right now, the main action at the state level is on paid leave – which literally no one in the focus group seemed to prioritize. Some states are also investigating pay for respite care, a slightly more popular approach. At the federal level, recent congressional action has focused on Social Security credits, a much less preferred approach within the focus group.

But, even though current and proposed policies fall short, to me, a positive takeaway from these focus groups exists. The best way to help caregivers is maybe the simplest – just give them cash. Tax credits or extended sick leave that tie benefits to jobs and Social Security credits for the future miss two important points. Caregivers already *are* working, just not for pay, and providing a valuable service. And, they are providing that service and suffering the financial costs now. So, cash now makes the most sense.

