



# State-Level Issues Impacting Seniors

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Fairfield Senior Advocates

# Our Focus: State Programs Affecting Seniors' Finances

## Scope:

- ▶ Securing relief from CT income tax
  - Social Security benefits
  - Pension/annuity income
- ▶ Medicare Savings Plan
- ▶ Other
  - Estate tax exemption and gift tax filings
  - State income tax withholding on pension/annuity (W4P)
- ▶ What YOU can do to help!

# Securing State Income Tax Relief for Seniors

- ▶ Social Security benefits
  - Prior to 2019: No tax if income < \$50K (Single)/\$60K (Joint)
  - 2017 legislation:
    - Full exemption if income < \$75K/\$100K, 1/1/19
  - Lamont plan: return to lower exemption level, *retroactive* to 1/1/19
- ▶ Pension/annuities (no exemption prior to 2019)
  - 2017 legislation:
    - 14% exemption if income < \$75K/\$100K, 1/1/19
    - Rises additional 14%/yr. until 100% exempt
  - Lamont plan: eliminate completely
- ▶ FSA Actions
  - Hartford testimony
  - Meetings with our State reps and Committee leaders
  - Letters to legislators

# Medicare Savings Plan

- ▶ Pays for monthly Medicare B premiums (\$135.50/mo.)
- ▶ 18,000 users in CT
- ▶ Income eligibility = < ~\$30K Single, < ~\$40K Joint
- ▶ Funded through: 6/30/19
- ▶ New Asset test to begin 7/1/20
  - \$7,560 Single, \$11,340 Joint (!!)

Unacceptable . . .

# Estate and Gift Taxes

- ▶ Gov. Lamont's budget proposal
  - Eliminates gift tax
  - Continues increases in estate tax exemption level:
    - 2017: \$2M
    - 2019: \$3.6M
    - 2023: \$11M Single/\$22M Joint (= Fed. level)

# CT Income Tax Withholding on Pensions & Annuities

- ▶ Financial institutions notified by State in 2018 to impose CT withholding tax
- ▶ Non-compliance by payee can mean “up to \$5,000 fine, and/or 5 years in jail”!
- ▶ 21+ bills in Legislature → Finance Committee to eliminate mandatory withholding

# What YOU Can Do to Help

## Write to Legislators

- All info needed is in handout
  - E-mail addresses
  - Bill number, your name and town at top
  - Suggested “talking points”
  - Use your own story, experience, opinion
  - Copy legislators - as indicated - and Gordon
- Ask friends/neighbors to do same
- Use social media
- Important to do quickly