

# FAIRFIELD SENIOR ADVOCATES

## FSA Legislative Update

February 2020

# Today's Program

- Key State taxes affecting seniors
- State Medicare Savings Plan; medical reimbursement
- Federal changes affecting seniors
- Senior/disabled property tax relief

# Fairfield Senior Advocates - Mission

- Make Fairfield an attractive town for older adults - an affordable, desirable, engaged community
- Retain seniors:
  - Honor their contributions;
  - Keep families together; and
  - Balance taxes and costs for all Fairfielders
- Act as a non-partisan voice for seniors and their advocates

# FSA's Focuses

- Senior-friendly housing options
- State tax reform for seniors
- Senior/disabled property tax relief
- Investment in senior services and facilities
- Community outreach and education

# Key Connecticut State-Level Legislative Actions Affecting Living Costs for Seniors



Gordon Mackenzie  
Fairfield Senior Advocates  
February 26, 2020

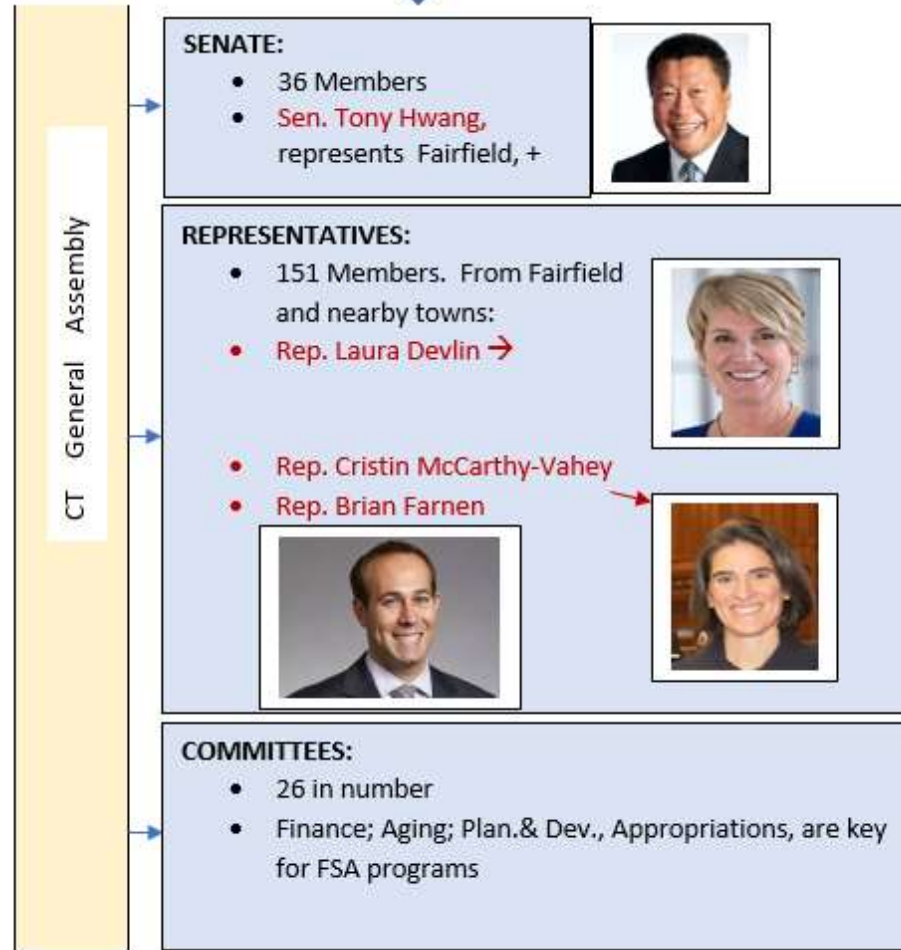
# Government Structure



## CONNECTICUT Hartford

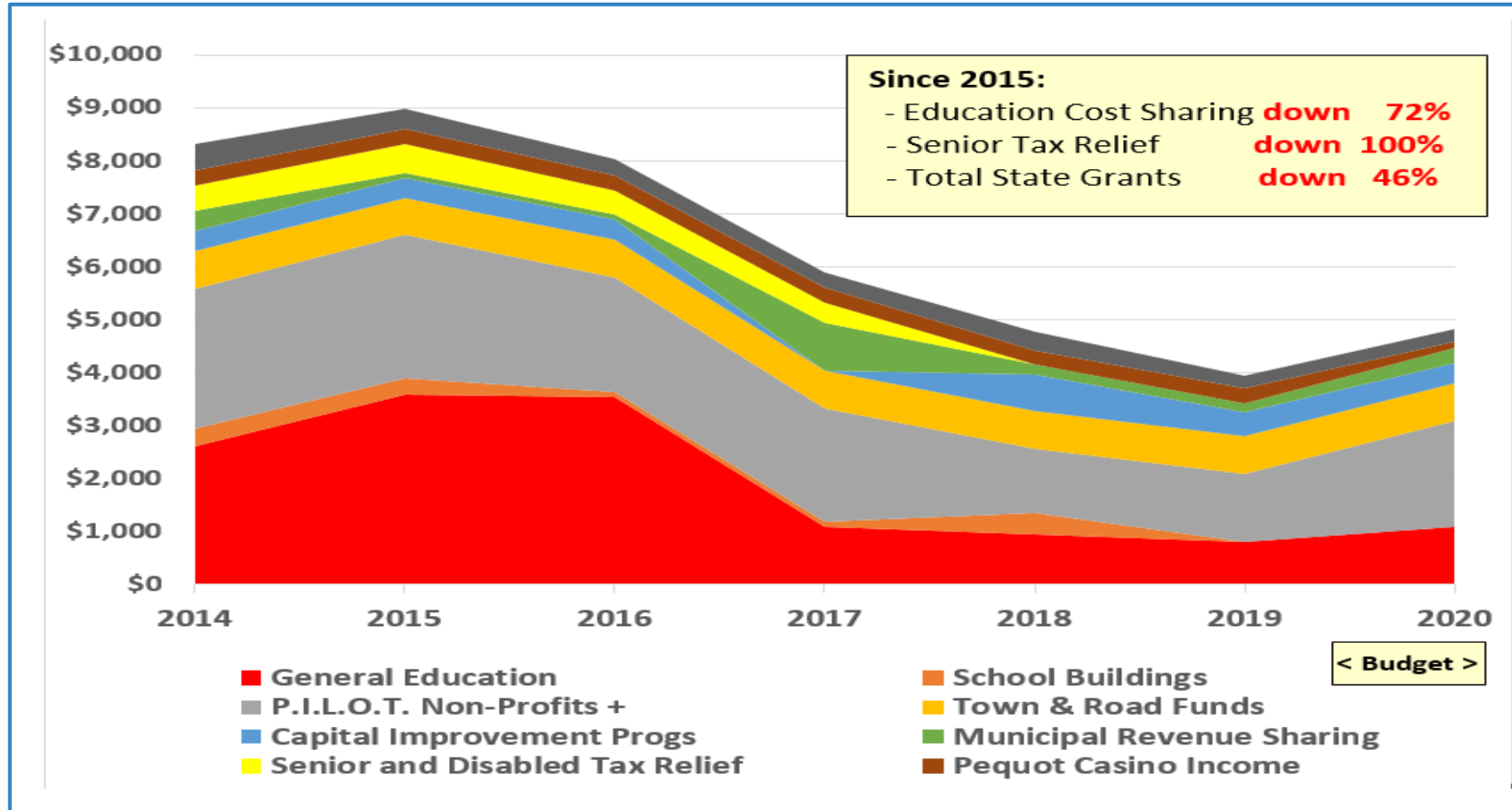
Ned Lamont, Governor

Website:  
[Cga.ct.gov](http://Cga.ct.gov)

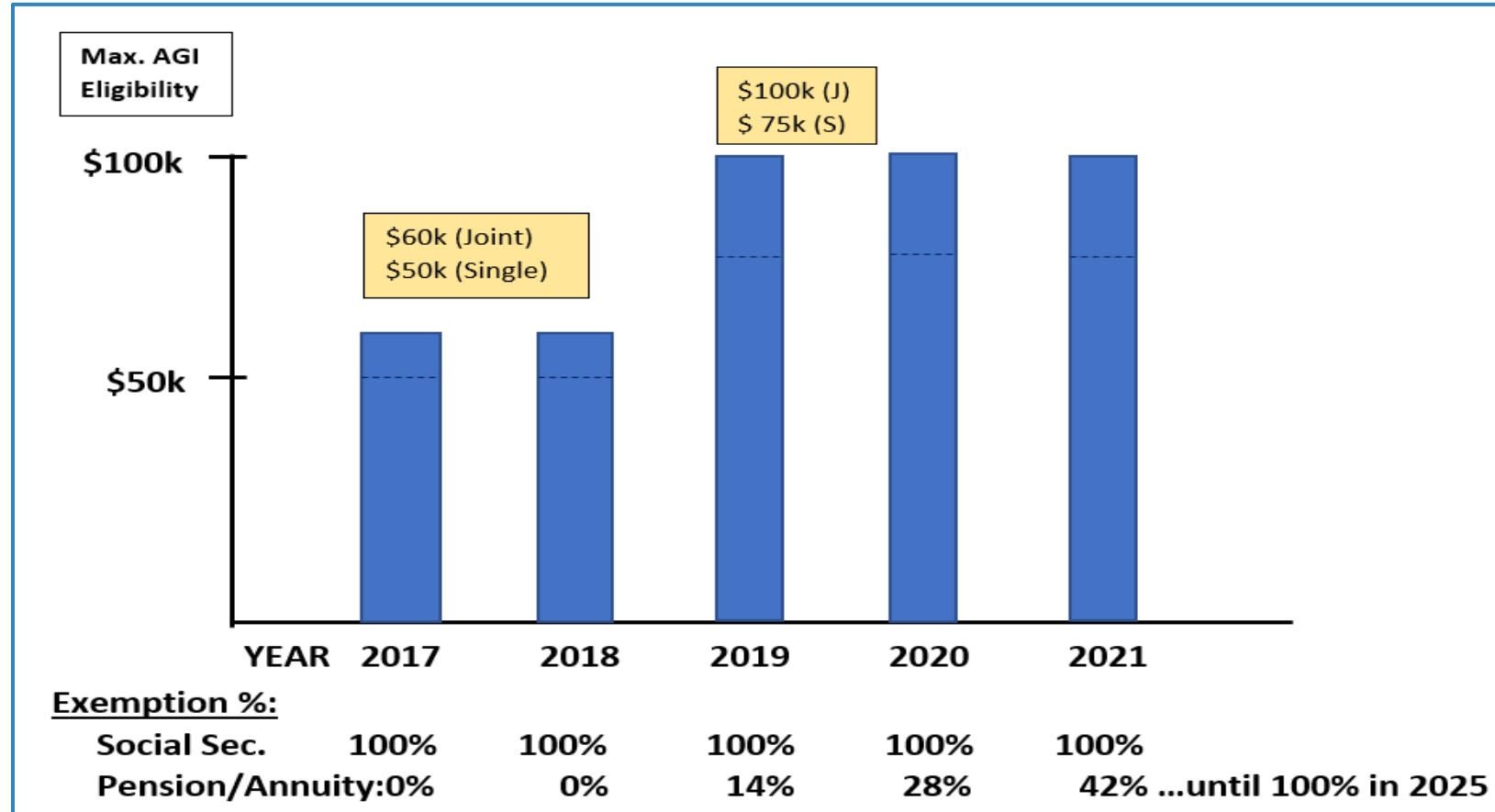


# State Grants to Town of Fairfield, CT

## (\$000's - by Year)



# Reducing CT State Income Tax on Retirement Income



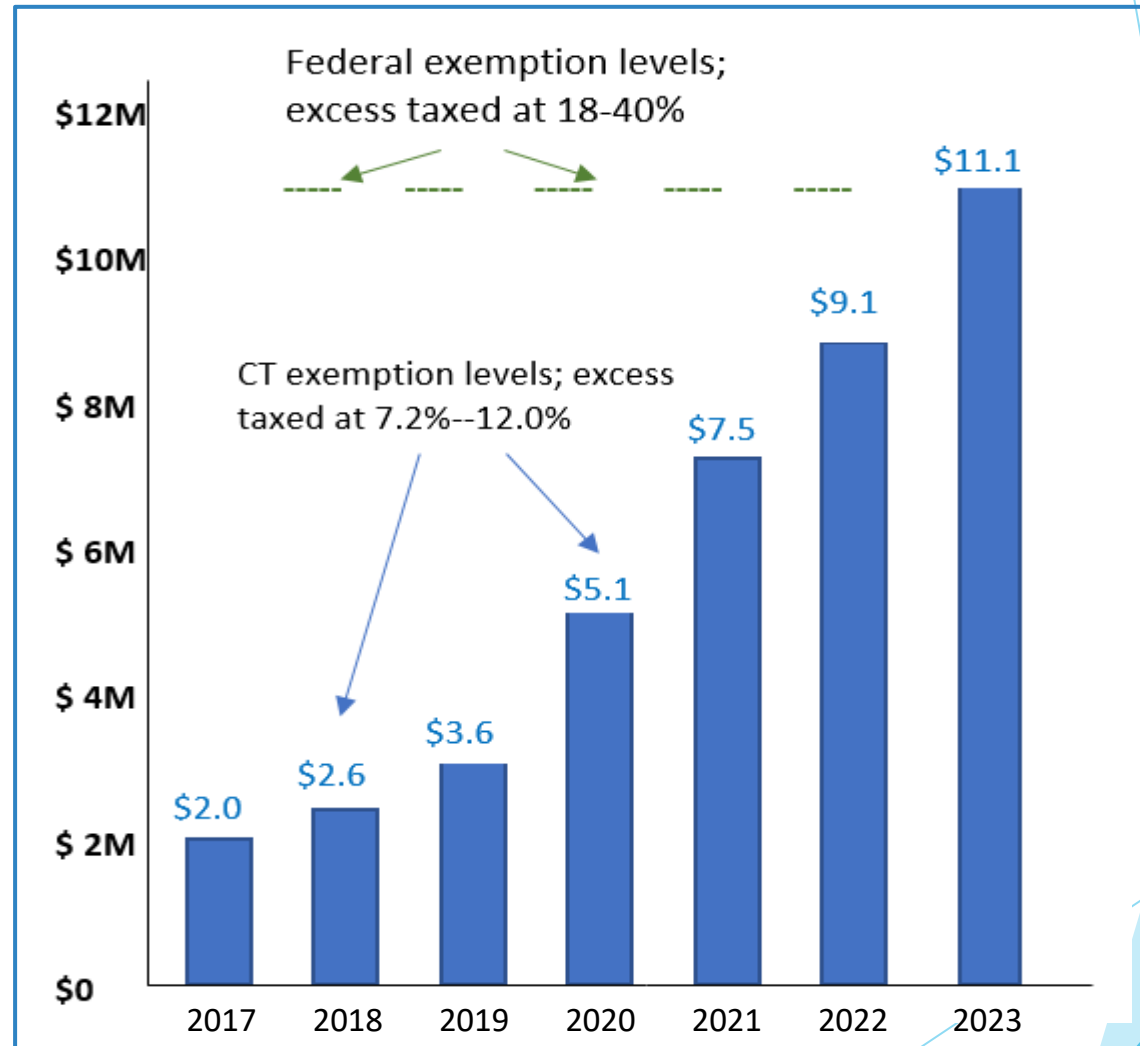


# Reducing CT State Income Tax on Retirement Income

- FSA 2017 – 2019: 3 testimonies in Hartford
- Over 2,000 emails in support
- In 2020, keep this program funded in the new 2020/2021 biennial budget
- Introduce legislation to resolve the “cliff” issue:
  - \$100k vs. \$101k

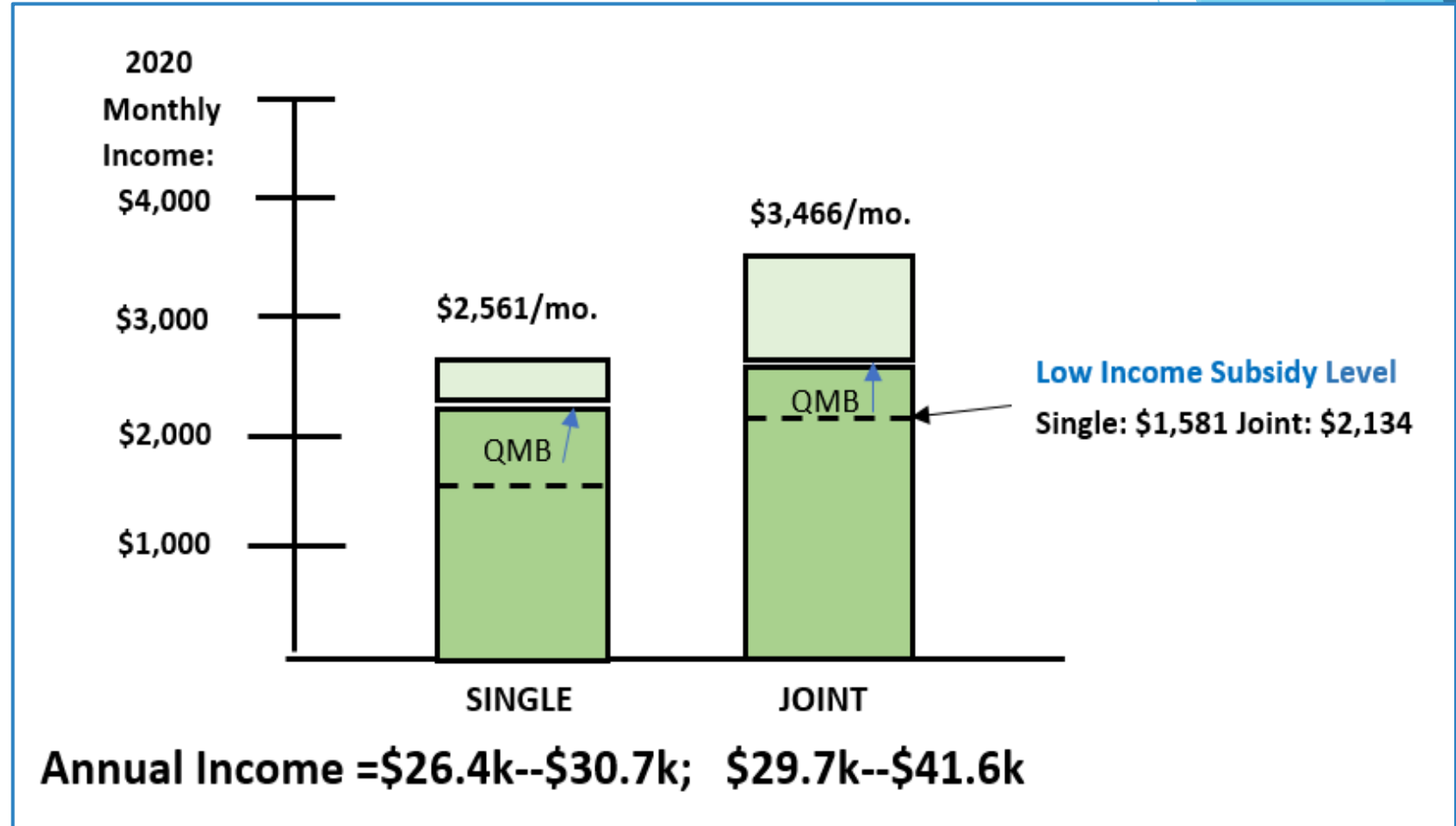
# CT Estate Taxes

- Why important?
  - Need to retain wealthier households
  - 1% of households pay 37% of total CT State income taxes
- In 2018, CT legislature increased estate tax exemption levels dramatically, in stages
- Action: eliminate the CT Gift Tax!
  - CT is currently the only state to have this



# Medicare Savings Program (MSP)

- Pays for out-of-pocket costs for Medicare
- Funded jointly by Federal and CT State
- Eligibility based on income – no asset test



# Medicare Savings Program (MSP)

- All plans pay Part B (Doctor's expense) premium of \$144/month
- QMB level pays for
  - Medical Part A (hospital);
  - Part B;
  - Deductibles; and
  - Co-pays
- Low income subsidy level also pays for most prescriptions
- In 2017/2018 Governor twice proposed to cut income eligibility levels by 50% and introduce an approximately \$8,000 asset test!
- In this 2020/2021 budget cycle, keep MSP funded!
- How to communicate to eligible but non-participating seniors?

# Other Medical Issues

- CT State Legislators considering initiating control of selected, very high-priced prescription drugs
  - Relief from “donut hole” prescription cost coverage occurs this year
  - Initial Senate proposal to cap out-of-pocket costs for insulin at \$50/mo. (vs. over \$450/month U.S. average)
  - Source from Canada – good quality control
  - Other high-priced drugs are under consideration
  - Blue Cross announcement of new drug production subsidiary

# Key Federal Changes Affecting Seniors

- For your federal tax return for 2019 (submitted this year)
  - Standard Deduction amount increase:

	2018			2019			(2020)
	<u>Base</u>	<u>Senior</u>	<u>Total</u>	<u>Base</u>	<u>Senior</u>	<u>Total</u>	<u>Total</u>
<u>Single:</u>	\$12,000	+ \$1,600	= \$13,600	\$12,200	+ \$1,650	= \$13,850	(\$14,050)
<u>Joint:</u>	\$24,000	+ \$2,600	= \$26,600	\$24,400	+ \$2,600	= \$27,000	(\$27,400)

- Good News: Medical deduction eligibility for sum of expenses to remain at “over 7.5% of Gross Income” vs. planned increase to “over 10%”
  - Effective for 2019 and 2020 tax returns

# Key Federal Changes Affecting Seniors

- In 2020:
  - Cost of Living increase added to Social Security monthly payments: **+1.6%**
  - Cost of monthly Medicare (for most) rises
    - From **\$135.50** in 2019 to **\$144.60** in 2020
  - Required Minimum Distributions (RMD's) of 401(k) and traditional IRA's can now start at Age 72 rather than Age 70½
  - New Rule: if qualified retirement funds bequeathed at death in 2020 and beyond, to non-spouse beneficiaries, the beneficiaries must sell (and pay tax) on them within 10 years

# FSA Coming Attractions

- **Senior housing: proposed zoning changes, and FY2020-2021 Town budget preview**
  - Bigelow Center, Wednesday March 25; 10:45 – 12:45 PM
- **Best practices in retaining and nurturing our seniors**
  - Bigelow Center, Thursday April 23; 6:30 - 8:00 PM
- **Housing for Fairfield seniors' budgets - what's available? what's more can we do?**
  - Fairfield Woods Library, Thurs. April 30; 6:30 - 8:00 PM\*\*

\*\*Tentative Date