

House Republican Press Release

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Exempt Seniors' Pensions from the State Income Tax



By Marilyn Giuliano

Just as young adults are leaving Connecticut, so too are many senior citizens who feel it is just too expensive to retire here. This is an alarming trend that we must address for economic and social reasons. We should encourage retirees to remain in Connecticut, continue contributing to their community and remain close to their families.

One way to begin to reverse this movement is for Connecticut to help ease the financial burden of living on fixed retirement income and stop taxing retirees' pensions as if they were earned income.

My House Republican colleagues and I have proposed a package of senior citizen relief legislation, including a tax break on pension income, to convey the message that we want senior citizens to stay in Connecticut.

By way of background, Connecticut is one of only four states that offers no tax break of any kind for seniors' pensions. That means people retiring in Connecticut must pay the full state income tax on Social Security benefits, company pensions, teacher and government pensions, even military pensions (though we have been successful in exempting 50 percent of military pensions beginning next year.)

Pennsylvania, for example, exempts all pensions from its state income tax. Why not Connecticut? We value seniors as much as any other state, and should do the same. My proposal is to phase out the state income tax on pensions as many other states now do.

Senior citizens are increasingly important to our state, nation and local communities. The huge baby boom generation (76 million people across the nation) is approaching retirement age. About 1 million boomers live in Connecticut, and Connecticut has a huge stake in keeping boomers here. They will begin to reach age 62 starting in 2008 at the rate of about 50,000 a year.

These are vibrant, valuable citizens who can volunteer in their communities, assist local organizations and share their knowledge and experience with various cultural, historical and charitable organizations. Other states are actively vying for them, and we want them to stay in Connecticut.

Our senior citizen initiatives, if adopted by the entire legislature, would provide pension and property tax breaks and encourage seniors to volunteer in their local towns and cities. The specifics are as follows and more information is available at www.cga.ct.gov.

HB 5541, An Act to Phase out the Personal Income Tax on Pensions and Social Security. This proposal is a three-year phase out of the state income tax that applies to pension of people age 62 and older.

HB 5712 An Act Establishing a Program to Allow Senior Citizens to Earn Property Tax Abatement by Performing Work in Their Municipality. This would allow towns and cities to give seniors age 65 and older a reduction of up to \$750 in property taxes if they volunteer for their city or town.

HB 5542 An Act Concerning Eligibility of Elderly Property Tax Relief. This expands the existing optional local property tax freeze for low-income seniors age 65 or older.

Two other proposals relate to senior citizen home health care and prescription drug assistance.

HB 5638 An Act Concerning Expansion of the ‘Money Follows the Person’ Home Care Demonstration Program. This would expand a program helping eligible seniors to move from nursing homes into home care or community care arrangements.

We also propose to increase income eligibility for the state ConnPACE prescription drug assistance program, which would be part of the state budget legislation.

These are relatively modest first steps in helping senior citizens remain in their own homes, in the state of Connecticut, and with a good quality of life. Our elders form the backbone of our community. They are our parents and grandparents and we owe them that much.

State Rep. Marilyn Giuliano serves the 23rd Assembly District of Old Lyme, Lyme, Old Saybrook and Westbrook.