MONDAY ALERT
New York State Alliance for Retired Americans
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Tax Benefits for Taxpayers Over Age 65

Federal Taxes You Get a Larger Standard Deduction

You won't have to pay taxes on as much of your income when you get older because the IRS allows you to begin taking an additional standard deduction when you turn 65. If you're single or you file as head of household, you can add an extra $1,600 to the standard deduction you're otherwise eligible for as of 2018.

If you're married and you file a joint return, you can add $1,300 for each spouse who is age 65 or older. Both of you don't have to have yet hit your 65th birthday. If even one of you has, that's good enough for the IRS and you can claim one of the additional deductions.

You must turn 65 by the last day of the tax year, but here's a catch: The IRS says you actually turn 65 on the day *before* your birthday. If you were born on January 1, you would qualify as of December 31—just in the nick of time to claim the extra deduction for that tax year.

New York State Tax Benefits

Social Security Benefits - Are totally exempt from NYS taxes

Pensions of New York State, local governments and the federal government – Qualified pension benefits or distributions received by officers and employees of the United States, New York State, and local governments within New York State, are exempt from New York State, New York City, and Yonkers income taxes. This subtraction modification is allowed regardless of the age of the taxpayer or of the form the payment(s) take. This subtraction modification is allowed for a pension or distribution amount to the extent the pension or other distribution was included in your federal adjusted gross income.

Pension and annuity income exclusion – If you were age 59½ or older before January 1, 2013, you may exclude up to $20,000 of your qualified pension and annuity income from your federal adjusted gross income for purposes of determining your New York adjusted gross income. If you became age 59½ during the tax year, the exclusion is allowed only for the amount of pension and annuity income received on or after you became 59½, but not more than $20,000.

Married taxpayers who both receive pension income are each entitled to a maximum pension and annuity income exclusion of $20,000, whether they file jointly or separately. However, you cannot claim any unused portion of your spouse’s exclusion. If you receive your own pension income and your deceased spouse’s pension income, you are entitled to a maximum pension and annuity exclusion of $20,000 each year.

Long-term residential care credit – A resident in a qualified continuing care retirement community, is allowed a subtraction from federal adjusted gross income when computing your New York adjusted gross income for the portion of fees paid during the year that is attributable to the cost of providing long-term benefits under a continuing care contract. If you are married, file a joint return, and you and your spouse both qualify, you may each claim the subtraction. However, you may not claim any unused part of your spouse's subtraction. The maximum deduction for 2013 was $4,550 per continuing care resident.

Real Property Tax Credit – You may qualify for the real property tax credit if you are a New York State resident, your household gross income for the tax year was $18,000 or less, and you pay either real property taxes or rent for your residence. If all qualified members of the household are under age 65, the credit can be as much as $75. If at least one qualified member of the household is age 65 or older, the credit can be as much as $375. Residents who are not required to file New York State returns may qualify for a refund of the full amount of the credit. Note – Part-year residents and nonresidents of New York State do not qualify for this credit.

Credit for purchase of an automated external defibrillator – This credit is available to taxpayers who purchase a qualified automated external defibrillator. The credit is equal to the lesser of the purchase cost of the unit, or $500. There is no limit on the number of units Purchased during the tax year for which the credit may be taken. However, the credit cannot exceed $500 for each unit purchased. The credit is not refundable, and you may not carry any unused credit forward to future years.

Long-term care insurance credit – The long-term care insurance credit is equal to 20% of the premiums you paid during the tax year for the purchase of, or for continuing coverage under a qualifying long-term care insurance policy. The long-term care insurance credit is limited for part-year and nonresident individuals, estates, and trusts to the amount determined by multiplying the total credit by your income percentage.

Nursing home assessment credit – New York State allows a personal income tax credit for the portion of the assessment imposed on a residential health care facility (nursing home) pursuant to Public Health Law section 2807-d(2)(b) that is passed through to a private-pay resident of the nursing home. The amount of the credit is equal to the total portion of the assessment that is passed through and directly paid by an individual during the year (e.g., the total portion paid during 2013).
As you can see, there are numerous options available to our seniors and retired persons that could help in decreasing their New York State tax. Please feel free to contact us to further discuss any of the items in this Tax Tip.

Legislative Victory for NYS Retirees and Future NYS Retirees

Governor Cuomo signed a bill to increase the amount a state or local government retiree can earn when returning to public employment without a reduction in pension benefits. This law will set the amount a retired person may earn in public employment without reduction in retirement allowance during the year 2020 and thereafter to $35,000. This is the first such increase since 2007.

PEF along with other unions had lobbied for passage of this bill.

In a support letter to the Governor urging him to sign the bill, PEF President Spence stated that: “Retirees have years of professional experience and the employer will benefit from the services of a fully-trained retiree.

The sponsors of the bill were Senator Neil Breslin and Assemblyman John McDonald, S.1866B Breslin / A.2858B McDonald.

We thank the legislature for their support of Retirees, and also thank the Governor for signing the bill into law.