



**Testimony to the House Committee on Ways and Means
H.527 - An act relating to tax relief for Vermonters
Monica White, Commissioner
Department of Disabilities, Aging and Independent Living
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Vermont's population is one of the oldest in our nation and expanding the income threshold that qualifies for the Social Security tax exemption will help to improve the quality of life for older Vermonters. This demographic is one of Vermont's biggest consumers of services, and this proposal will help to put money back into Vermont's economy. Also, in planning for retirement, savvy potential retirees understand what various states have to offer them in terms of affordability, and most states have more generous treatment than Vermont.

This proposal is alignment with the [Older Vermonters Act](#), specifically:

Financial security. Older Vermonters should be able to receive an adequate income and have the opportunity to maintain assets for a reasonable quality of life as they age. If older Vermonters want to work, they should be able to seek and maintain employment without fear of discrimination and with any needed accommodations. Older Vermonters should also be able to retire after a lifetime of work, if they so choose, without fear of poverty and isolation.

In the needs assessment conducted for the current [Vermont State Plan on Aging](#) (FFY2019-22), older Vermont respondents reported that:

Their top three most identified concerns for the future were financial security (57%), health care (57%), and maintaining independence and dignity (55%).

Our most recent [State Plan on Aging needs assessment](#) (conducted in 2020), provides the following detailed insight into the importance of financial stability for older Vermonters:

More than three-quarters of Vermonters age sixty and over rely on Social Security as a source of income. (see pages 38 – 40):

Among hard copy respondents, 49% rely solely on Social Security compared to 14% of persons completing online surveys. Additionally, less than one-half of persons completing hard copy surveys report having enough money to pay expenses with extra funds left over, compared to 71% of online respondents who report their income is sufficient.

Across all regions, large percentages of respondents claim Social Security as an income source, with highest rates in the Northeast Kingdom and Southwest Vermont. In addition to Social Security, nearly two-thirds of respondents receive income from retirement savings and/or pensions and nearly one-quarter still earn income through employment. When disaggregated by AAA region, the percent of income coming from retirement and from current employment is higher where online survey responses were highest (Age Well, CVCOA and Senior Solutions) and lower in the two regions (NEKCOA and SVCOA) where more hard copy surveys were completed. Again, it can be inferred that online responses are associated with higher household income while hard copy responses are associated with lower household income – and thus fewer income sources and of a lower amount.

AARP, the Community of Vermont Elders, and Vermont's five Area Agencies on Aging are in full support of a reduction to the tax liability on older Vermonters' Social Security benefits. Taxing Social Security makes it more challenging for older Vermonters to enjoy the retirements they have earned, along with making it increasingly challenging to pay for basic living expenses such as food, housing costs, medications, etc.