PENSIONS AREN’T THE ONLY THING TO THINK ABOUT:

Other State and Federal Legislative Issues Affecting Retirement Security

NCPERS Annual Conference & Exhibition

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Adam Goldberg
Senior Legislative Representative
NRTA: AARP’s Educator Community
agoldberg@aarp.org

Barrie Tabin Berger
Government Affairs Director
AARP
btabin@aarp.org
Twelve states still tax Social Security benefits – CO, CT, KS, MN, MO, MT, NE, NM, RI, UT, VT and WV.

AARP state offices continue to work on reducing their states income tax on Social Security benefits. In 2022, NM, VT, and NE reduced or eliminated these taxes. This year, KS, RI, MN, UT, and MO are exploring changes.

Most states tax other forms of retirement income (public/private pensions, IRAs, 401(k), 457, 403(b)). The only states with an income tax that DO NOT tax retirement income are IL, MS, PA, and IA.

AARP has supported incremental tax reductions on retirement income, other than Social Security, including in IA, AL, and MI.
On average, family caregivers in the U.S. spend 26% of their income on caregiving activities.

Family caregivers 50 and older who leave the workforce to care for a loved one lose nearly $304,000, on average, in income and benefits over their lifetime.

AARP Model Bill

- Non-refundable credit for family caregivers of 50% of eligible expenses, up to a $1,000 maximum credit.
- Eligible family caregivers must earn less than $75,000 for an individual or $150,000 for a couple.
- Eligible expenses include home improvements, assistive equipment, home care aides, respite care, assistive technology, etc.
- Care recipient includes a spouse, parent, in-laws, or other relation by blood or marriage.
- Two states have passed Caregiver Grant Programs (AZ and ME).
- In 2023, NJ, OK, MA, WI, and HI are working on enacting caregiver tax credit.
**Property Tax Relief**

*AARP supports property tax relief measures that balance the goals of providing targeted relief so residents can age in their own homes with preserving essential local revenue.*

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<tr>
<th>Circuit breakers</th>
<th>Tax deferrals</th>
<th>Monthly tax bills</th>
<th>Homestead Exemptions</th>
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<td>Direct relief to seniors with the highest tax burden relative to their incomes (31 states);</td>
<td>Allow seniors to defer paying some portion of their property taxes until they sell their home or die (20 states);</td>
<td>Eliminate the large, lump sum payments for property taxes while providing a more consistent cash flow for local governments;</td>
<td>Reduce (exempt) the assessed value of a primary home by a certain dollar amount before applying the tax (25 states);</td>
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Including Information Regarding the Availability of Exemptions and Other Information Important to Taxpayers on Property Tax Bills
Fraud and Older Adults

TYPES OF FRAUDS & SCAMS –
Identity Theft; Imposter Scams; Credit Bureaus, Information Furnishers and Report Users; Online Shopping and Negative Reviews; Banks and Lenders; Prizes, Sweepstakes and Lotteries; Auto Related; Health Care; Home Repair, Improvement and Products; Debt Collection

Younger people reported losing money to fraud more often than older people. 43% Age 20-29, 23% Age 70-79

But when people aged 70+ had a loss, the median loss was much higher. $548 Age 20-29, $1,000 70-79, $1,674 80+

2023 FTC Data

Losses Reported to FTC in Billions

2019 2.4
2020 3.5
2021 5.1
2022 8.8
People are 15 times more likely to save for retirement if they can do so out of their regular paychecks – but almost half of Americans lack access to retirement savings at work.

Work and Save allows people to save right out of their paychecks – with low fees for participants, no cost or fiduciary liability for employers, and significant cost-savings to the state. They are state-facilitated, while the private sector runs investments.

16 states have enacted new programs for private sector workers – and nearly every state has taken some action around this issue, either considering legislation or studying the issue.

Assets under management from these programs exceed $748 million and only continue to grow, showing enormous success.
2023 Federal Retirement Security Update

**SECURE 2.0 Implementation and Potential Corrections**

- Increasing the required minimum distribution age to 73 (2023) – goes higher in out years.
- Requiring catch-up contributions to be Roth (2024) and possible technical correction on catch-ups
- Requiring long-term part time workers (2 years or more) to be allowed into retirement plans (2025)
- Required use of automatic enrollment for 401(k) and 403(b) plans (2025)
- Improved Saver’s credit (2027)

**Retirement Savings for Americans Act (Thrift Savings Plan for All)**

- Senators Hickenlooper (D) and Tillis (R); Representatives Sewell (D) and Smucker (R)
- Would establish a new program that gives eligible workers access to portable, tax-advantaged retirement savings accounts. Federal matching contributions for low- and middle-income workers.

**Annuities as Qualified Default Investment Alternatives (QDIA)**

- For example: H.R. 6746 (Norcross, D) would allow plan to automatically default all participants into annuities in accumulation phase, up to 50% of assets. AARP has serious concerns about these proposals.
Valuing the Invaluable 2023 Update: Strengthening Supports for Family Caregivers:

Longevity Economy is a series of state-by-state data analyses from AARP that describe the contributions of Americans age 50-plus:
https://www.aarp.org/research/topics/economics/info-2020/longevity-economy-outlook-states.html

Americans Lost Record-Breaking $8.8 Billion to Scams in 2022:

National Retirement Plan Coverage:
https://www.aarp.org/ppi/state-retirement-plans/national-coverage/

State-Facilitated Retirement Plan Savings Programs:
https://cri.georgetown.edu/states/