



Finance, Revenue & Bonding Committee

March 8, 2021

Submitted by Nora Duncan, State Director

Proposed H.B. No. 5857, AN ACT PHASING OUT THE PERSONAL INCOME TAX ON CERTAIN INDIVIDUAL RETIREMENT ACCOUNT INCOME.

AARP is a nonpartisan, social mission organization with an age 50+ membership of nearly 38 million nationwide, and approximately 600,000 members here in Connecticut. AARP supports livable communities for all ages, aging in place initiatives and financial opportunity and resiliency for everyone as they work, age and retire. We are before the General Assembly every year on a multitude of bills that support these issues.

This proposed bill seeks to phase out the personal income tax on income from traditional, simplified employee pension and savings incentive match plan individual retirement accounts. Adding these forms of income to income tax phase out in Connecticut would help make the Nutmeg State a friendlier place to live and retire independently. In 2018, retirees and those who are closer to retirement, the age 50-plus residents that are thinking about where to live and where to retire, make up 39% of the state's population. Yet their total economic contribution to the Gross State Product is 44% and they support 41% of state and local taxes. You can learn more about the "Longevity Economy" here:

<https://www.aarp.org/research/topics/economics/info-2019/longevity-economy-outlook.html>

This is a popular proposal that would affect many positively. It should be a part of the larger budget considerations. The legislature should support important programs that help vulnerable seniors age-in-place and keep people out of nursing homes, by keeping seniors off Medicaid, as well as supporting family caregivers while saving taxpayers dollars. For instance, we have particular concerns about the cuts to the Medicare Savings program in the Governor's budget recommendations.

Thank you for your consideration.