

## **INFORMATION ON TAX RELIEF**

**Local Real Estate Tax Relief Exemptions and Deferrals**

**Property Tax Relief Fund for the Elderly and Disabled**

**Senior Corps**

**State Income Tax Credit for Elderly—Circuit Breaker**

**Reverse Mortgages**

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This document is intended as an overview of available programs. Please contact the individual program sponsor for the latest information.

Assembled by Citizens for Needham Schools

[www.CitizensforNeedhamSchools.org](http://www.CitizensforNeedhamSchools.org)

## **1. Local Tax Relief: Exemptions and Deferrals from Local Real Estate Taxes**

### **Tax Relief**

The Town provides multiple opportunities for tax relief. Exemptions, which release an individual from the requirement to pay all or a fraction of their property tax, are available within the following categories: Disabled Veterans, Elderly, Blind, Widows/Widowers, and Minor Children of Deceased/Deceased Public Safety. Deferrals and temporary deferrals permit the individual to postpone payment of property taxes. A Property Tax Relief fund is available to make disbursements of up to \$600.00 for qualifying elderly and disabled citizens. The Assessor's Office, administrator of these programs, should be contacted for forms, applications, deadlines and application criteria. The Council on Aging is available to assist with any of these applications. The Council on Aging also administers the Senior Corps tax work-off program. This program allows Senior citizens to work for the Town up to 100 hours per year and have these earnings credited to their property tax bill.

### **More Information**

If you have questions on your assessment or need information on abatements or exemptions, contact the Assessor's Office at (781) 455-7507. For information on Senior Corps see below.

Source: <http://www.needhamma.gov/index.asp?NID=1387>

## **2. Town of Needham Property Tax Relief Fund for the Elderly and Disabled**

A Property Tax Relief fund is available to make disbursements of up to \$600.00 for qualifying elderly and disabled citizens. The Assessor's Office, administrator of this program, should be contacted for forms, applications, deadlines and application criteria. The Council on Aging is available to assist with any of these applications.

This fund has been established to provide taxation assistance for the elderly and disabled citizens who are homeowners with limited income and assets. The eligibility criteria for application submission are:

1. Elderly is defined as a person who is at least 60 on or before the July 1st starting date of the fiscal year for which the application is made.
2. Disabled is defined as a person who is not able to work. The applicant could be receiving SSI, Welfare, or retirement income, or may have suffered a loss of income due to illness or accident.
3. An applicant must be the titled owner of the property or hold a life estate in the property. If title is held by a trust, the applicant must be both a trustee and a 50% beneficiary of the trust in order to qualify. These conditions apply to elderly or disabled applicants.
4. Applicants must have resided in the Town and occupied the taxed property for the full calendar year prior to the aid grant submission deadline.

5. Gross Income from all sources includes:
  - Wages, salaries, bonuses, public and private pensions, retirement income, social security, alimony, child support, interest and dividend income, net income from business, public assistance, disability and unemployment insurance, regular compensations and /or gifts from parties outside the household.
    - A. Single person-----\$35,000
    - B. Couple-----\$45,000
6. Assets, which include stocks, bonds, CD's, IRAs, Annuities, and any tangible liquid asset, will be considered in determining eligibility and aid amount.
7. Extraordinary circumstances (e.g. an unusual expense burden such as a medical emergency) will be considered in the Taxation Aide Committees deliberations and the decision process. This will provide the Committee with flexibility to address unforeseen situations

**More Information**

Needham Assessor's Office at (781) 455-7507.

**3. Needham Senior Corps Employment Program**

The Senior Corp program allows eligible senior residents to "work off" a portion of their property tax bill each fiscal year. Participants may work up to 100 hours to receive a credit for hours worked. The Council on Aging administers this program for the town and will match up participants with departments who need a little extra help.

The goals of the Senior Corp Employment Program are:

- Assist seniors and citizens with disabilities in reducing property tax bills
- Increase involvement of seniors and citizens with disabilities in municipal government and the school system
- Acknowledge and affirm the skill of Needham's elderly and residents with disabilities and the community's continuing need for their services

**Eligibility Requirements**

- Be age 60 or above or disabled and a Needham resident
- Be the homeowner or current spouse of homeowner and be the owner and occupant of the property for which Needham taxes are paid
- Be able to present a copy of a Needham tax bill upon application
- Have difficulty meeting property tax payments
- Have limited financial resources

**Selection Process**

- Applicant must meet eligibility requirements
- Applicant must have appropriate skills for position
- Applicant and department head must both agree it is an appropriate match

**Job Opportunities**

- Municipal and school departments
- Classrooms, offices, libraries, clinics and special projects

- Based upon individual department needs

**Benefit Limits**

- Pay is \$7.05 per hour, up to a maximum of 100 hours per year
- Subject to annual appropriation by Needham Town Meeting

**For More Information**

In Person/ By Mail: Council On Aging  
1471 Highland Avenue  
Needham, MA 02492

By Phone: (781) 455-7555

**By Email:** [SeniorCenter@town.needham.ma.us](mailto:SeniorCenter@town.needham.ma.us)

**Town website:** <http://www.needhamma.gov/index.asp?NID=577>

#### **4. State Income Tax Credit for Elderly—Circuit Breaker**

Note: as of tax year 2007 the limits and the credit have been raised as follows:

Definition: State income tax credit up to **\$900** for qualified seniors.

**Eligibility:**

1. 65 or older at the close of the tax year
2. Income limits of **\$48,000** for single filers, **\$60,000** for head of household filers, and **\$72,000** for joint filers.
3. Includes income from all wages and business, capital gains, interest and dividends, retirement (e.g., social security), and tax exempt interest (e.g., public assistance payments).
4. Assessed value of taxpayer's residence cannot exceed **\$772,000**.
5. Income limits and property value maximum are adjusted for inflation each year.

Calculation of tax credit: Eligible taxpayers who own their properties may claim a credit equal to the amount by which their property tax payments in the current tax year, (excluding any exemptions and/or abatements) including water and sewer use charges assessed, exceed 10% of their "total income" for that tax year. **Even if a homeowner does not earn enough to normally file a return, filing for a tax credit can be made.**

**Renters**

The law assumes that 25% of rent goes toward property tax. Accordingly, renters may claim a credit in the amount by which 25% of their annual rental payment is more than 10% of their total income.

When calculating the Circuit Breaker Tax Credit, a tenant should base the calculation on actual rent paid during the calendar year regardless of the year for which the payment is applied. For example, in 2007, taxpayer paid 14 months rent, i.e., rent for December 2006 was paid in 2007,

January through December 2007 rent is paid in 2007 and rent for January 2008 is paid in 2007, then the 14 rental payments are used by the renter in determining the amount of rental payments for purposes of the credit.

**Taxpayers residing in communities that do not include water and sewer debt charges in their property tax assessments, such as Needham,** may include, in addition to their property tax payments, **50% of the actual water and sewer use charges paid during the tax year** when calculating their credit.

**For more information, examples, and application forms:**

[http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Credits&sid=Ador&b=terminalcontent&f=dor\\_help\\_guides\\_abate\\_amend\\_personal\\_issues\\_realestate&csid=Ador](http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Credits&sid=Ador&b=terminalcontent&f=dor_help_guides_abate_amend_personal_issues_realestate&csid=Ador)

## **5. Reverse Mortgages**

If you are age 62 or older and are "house-rich, cash-poor," a reverse mortgage may be an option to help increase your income. However, because your home is such a valuable asset, you should consult with your family, attorney, or financial advisor before applying for a reverse mortgage.

### **Fact Sheet on Reverse Mortgages**

Until recently, there were two main ways to get cash from your home:

- you could sell your home, but then you would have to move; or
- you could borrow against your home, but then you would have to make monthly loan repayments.

Now reverse mortgages give you a third way of getting money from your home. And you don't have to leave your home or make regular loan repayments.

A reverse mortgage is a loan against your home that you do not have to pay back for as long as you live there. It can be paid to you all at once, as a regular monthly advance, or at times and in amounts that you choose. You pay the money back plus interest when you die, sell your home, or permanently move out of your home.

### **Who's Eligible**

All owners of the home must apply for the reverse mortgage and sign the loan papers. All borrowers must be at least 62 years of age for most reverse mortgages. Owners generally must occupy the home as a principal residence (where they live the majority of the year).

Single family one-unit dwellings are eligible properties for all reverse mortgages. Some programs also accept 2-4 unit owner-occupied dwellings, along with some condominiums, planned unit developments, and manufactured homes. Mobile homes and cooperatives are generally not eligible.

### **How They Work**

Reverse mortgage loans typically require no repayment for as long as you live in your home. But they must be repaid in full, including all interest and other charges, when the last living borrower dies, sells the home, or permanently moves away.

Because you make no monthly payments, the amount you owe grows larger over time. As your debt grows larger, the amount of cash you would have left after selling and paying off the loan (your "equity") generally grows smaller. But you can never owe more than your home's value at the time the loan is repaid.

Reverse mortgage borrowers continue to own their homes. So you are still responsible for property taxes, insurance, and repairs. If you fail to carry out these responsibilities, your loan could become due and payable in full.

**For More Information**

For additional information on reverse mortgages and other home equity conversion plans, contact:

AARP Home Equity Information Center  
American Association of Retired Persons  
601 E Street, N.W.  
Washington, D.C. 20049

[www.aarp.org/revmort](http://www.aarp.org/revmort)

This information is based information provided by the Federal Trade Commission at  
<http://www.ftc.gov/bcp/online/pubs/alerts/revralrt.sht>