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America is Selling its Seniors Short

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America is selling its seniors short

Each generation owes much to the generation that nurtured it. That is particularly true in the United States, which was built by immigrants from around the world who assimilated into the melting pot called America. Our predecessors established this country through hard work, funding its development by paying taxes, defending its freedom in two world wars, and preserving the rights and dignity of its citizens. I am eternally grateful for their efforts, as we should all be. Indeed, it is the land of the free, but that freedom and security came through sacrifice from our ancestors.

Unfortunately, instead of gratitude, we have let our seniors down. We read that bankruptcies among retired people have skyrocketed and that their retirement savings were exhausted before they expired. We can blame it on politics, blame it on neglect, or blame it on selfishness. Regardless of the cause, the result is unacceptable and to a large extent unavoidable. One of the remedies is to build more retirement savings, but that is only part of the story. More importantly, we have ignored one of the culprits of this dilemma when it comes to taxation. It is net income, after all, that determines the level of spending and quality of life during retirement.

Politicians frequently boast in headlines and on cable news about their efforts at tax reform, but too often we short change our seniors at the expense of funding varying pet projects of our representatives. The Tax Cuts and Jobs Act, for example, raised the standard deduction with great fanfare, however, it was accompanied by placing a cap of \$10,000 on the itemized deductibility of state and local taxes. For the seniors who have worked their entire lives and reside in a high tax state like New York, New Jersey, Connecticut, or California, that limit includes city income taxes, local real estate taxes, state income taxes, and federal income taxes.

For many retirees, these state taxes can aggregate as high as six figures, requiring a decision by the retiree, who is generally living on a reduced income, on whether to move away from where they were raised or have worked all their lives, leaving their friends and loved ones, in order to effectively avoid these taxes. This is unconscionable. Moreover, not only does advancing age usually result in diminishing income thanks to the elimination of wages through retirement or underfunded pension plans, but also through increasing living costs attributed to increased medical services, prescriptions, caretaking expenses, and other critical needs.

Additionally, this becomes particularly burdensome on seniors when one considers that medical expenses are traditionally deductible only to the extent that they exceed a certain threshold of adjusted gross income. In this regard, to add insult to injury, the Tax Cut and Jobs Act raised this threshold on medical expenses to 10 percent. When you factor in fear of the possible future paring back of Medicare benefits by the diminishing Social Security trust fund, our seniors have every right to be concerned.

What can be done to alleviate this financial anxiety facing seniors? For starters, the \$10,000 cap on the deductibility of state and local taxes should be eliminated entirely for seniors so they do not have to choose between leaving their homes and families for the sake of moving to a low or no tax state in a far away and strange jurisdiction in order to preserve their spendable income in their declining years. The medical expenses deduction threshold of 10 percent should also be eliminated

entirely for seniors who contemporaneously experience falling incomes with their rising but essential health costs. In many instances, this can make all the difference for seniors in having to choose between food and medicine.

The time has come to honor rather than punish those who have served this nation in so many ways. We must assist and add to their comfort in their declining years. These suggestions are not all inclusive, but should go a long way to decreasing the number of seniors seeking bankruptcy or suffering the painful experience of outliving their retirement nest eggs. We must do what is right for our seniors and not what is expedient for our politicians. Sooner or later they may also face this very difficult dilemma.

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