

**Fiscal Year 2012**

# **Property Tax Relief for Seniors**

**Tax relief may be available to you!**

**Read this booklet  
to understand the options**



The Selectmen's Tax Deferral and Exemption Study Committee  
Co-Chairs Vicki Blier and Patricia Costello

Robert Addelson, Assistant Town Manager for Finance

Assessor's Office  
Robert F. Lent, Director of Assessing  
Elaine Melahouris  
Sandra Pentedemos

Human Services  
Charlotte Rodgers, Director

# Local Property Tax Exemptions for Lexington Seniors

You may qualify for one of the following property tax exemptions. Since only one of these exemptions is allowed each year, choose the one that provides the maximum benefit for you:

## Choose One:

### Elderly Person Over 65 (clause 41C) \* \*\*

If your Income and assets are low-to-moderate, you may qualify for a \$1,000 exemption from your property tax

- See pages 3 and 4 for detailed information and help in determining if you qualify. ⇨

### Elderly Person 70 or Older or Surviving Spouse (clause 17D) \* \*\*

If your income is too high for the 41C exemption but you have low assets, you might qualify for a \$175 reduction in your property tax

- 70 or older by July 1 of tax year or surviving spouse of any age
- Value of Whole Estate (not including your primary residence in Lexington) must not exceed \$40,000.
- There is no income limit.
- Home must have been owned and occupied as your principal residence for the past 5 years.
- Contact Assessor's Office at 781-862-0500 X 315 for application

### Disabled Veterans, Certain Medal Winners, and Certain Survivors (clauses 22A – F) \* \*\*

A wide range of exemptions is available to veterans of the armed services

- See detailed information on page 5 ⇨

### Blind Persons (clause 37A) \* \*\*

If you are blind, you may qualify for a \$500 reduction in your property tax

- You must own and occupy Lexington property as your primary residence
- You must be registered with the Mass. Commission of the Blind prior to July 1, 2011 and provide a certificate every year with an issue date after July 1 of the fiscal year in which you are filing.
- Contact Assessor's Office at 781-862-0500 X 315 for application

### Surviving Spouse of Police Officer or Firefighter (clause 42) \* \*\*

If your spouse was killed in the line of duty, and you have not remarried, you may qualify for a total exemption from your property tax.

- Property must be owned and occupied as your primary residence
- Contact Assessor's Office at 781-862-0500 X 315 for application

### Hardship Exemption (clause 18) \* \*\*

If you have severe financial and medical hardships in a given year, or financial hardship from a change to active military status, not including initial enlistment, you may qualify for a special hardship exemption from your property tax.

- Must be on active military status or meet all three criteria of age, infirmity and poverty.
- Granted at the sole discretion of the Board of Assessors
- Contact Assessor's Office at 781-862-0500 X 315 for application

\* These benefits are offered by the town but governed under Massachusetts General Law Chapter 59, Section 5. Clause numbers refer to clauses under this statute.

\*\* If your home is held in trust, you must provide a copy of the trust showing that you are a trustee and a copy of the schedule of beneficiaries showing that you have a beneficial interest. Both the trust and the schedule of beneficiaries must be recorded at the Registry of Deeds.

If you have a non-spouse co-owner or a multi-unit dwelling, contact Assessor's Office.

# Additional Property Tax Help

These three programs are available to anyone who qualifies, including those who benefit from a “Choose One” exemption

## Add any or all of the following:

Administered by the Assessor’s Office:

### Tax Deferral (Clause 41A)

**If you have low-to-moderate income, you may qualify to postpone paying your property tax until your house is sold or conveyed.**

- Deferrals free up your income for any desired use
- You are protected - you will *never* have to sell or move due to taxes deferred under this program
- [See the detailed information on pages 6 and 7 ⇨](#)

### Exemption from the 3% Community Preservation Fund Surcharge

**If you have low-to-moderate income, you may qualify for an exemption from the Community Preservation Act property tax surcharge**

- [See detailed information on page 8](#)

Administered by the Council on Aging

### Senior Service Program

**A limited number of low-to-moderate income seniors with needed skills can provide service to the town in exchange for a reduction to their property tax.**

- Age 60 and older
- Income up to \$50,000 single, and \$52,950 married
- Selective program matches skill and ability to department needs
- Single taxpayer may earn a maximum of \$935. A two person household may earn up to \$1,190.
- [Contact the Senior Center at 781-861-0194 for more information](#)

Administered by the State

### State Senior Circuit Breaker Tax Credit

**Senior *renters* or homeowners with low-to-medium incomes may qualify for direct payment or tax credits from the State**

- [See the detailed information sheet on page 9](#)

**Detailed Information for Fiscal Year 2012**  
**\*Qualifying amounts increase annually \***

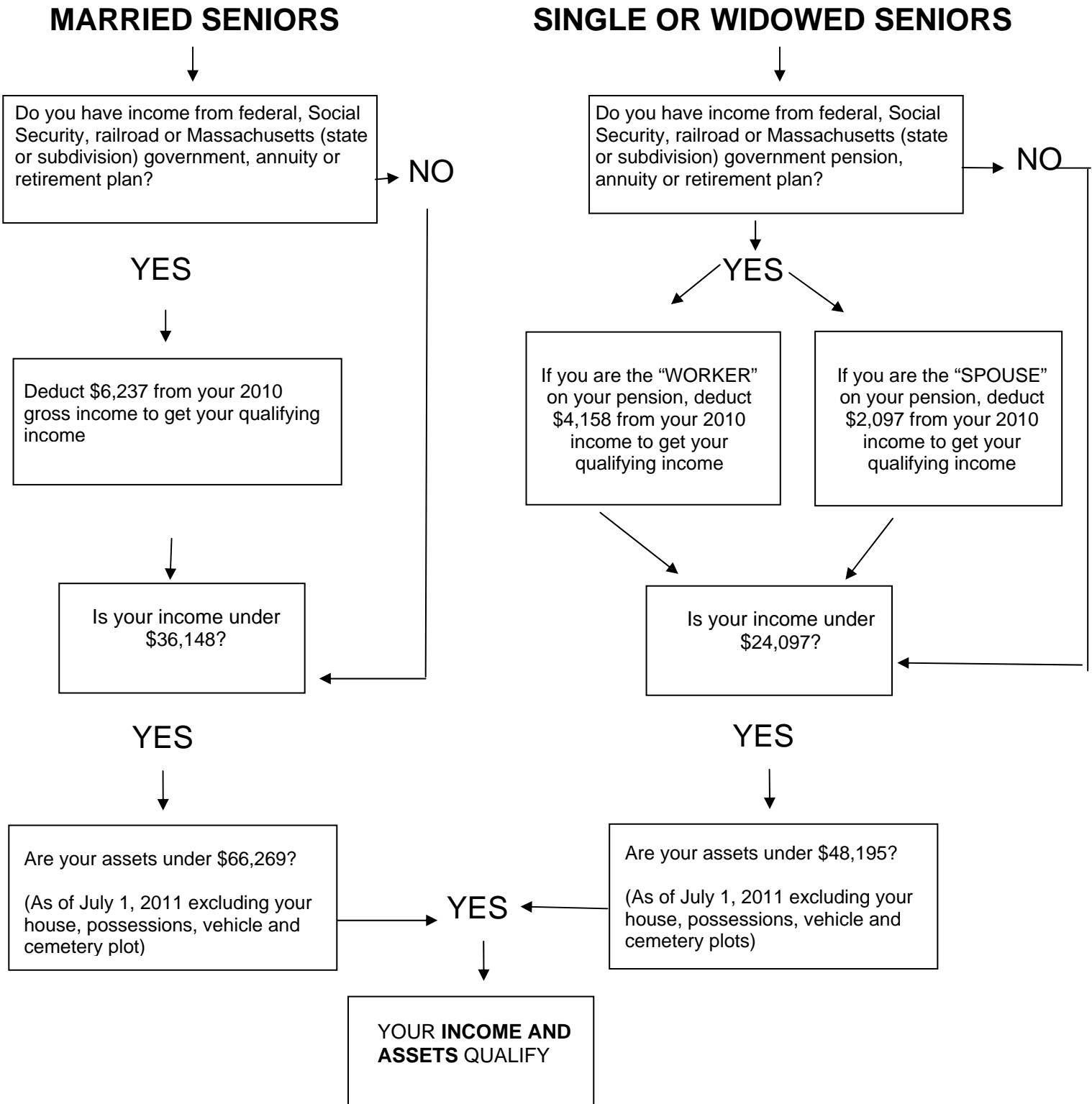
## Elderly Person Over 65 (Clause 41C)

**If your income and assets are low to moderate, you may qualify for a \$1,000 exemption from your Property Tax**

Age	You or your spouse must be 65 or older on July 1, 2011 for Fiscal Year 2012
Benefit	\$1,000 reduction in property tax. Does not have to be repaid.
Income	<ul style="list-style-type: none"> <li>• Your total gross income must be under \$24,097* for single homeowners, or \$36,148* for married homeowners for Fiscal Year 2012</li> <li>• Your income from 2010 is used to qualify for Fiscal Year 2012 exemptions.</li> <li>• A deduction (called the “Social Security Deduction”) is allowed if you have income from Social Security, Railroad Retirement, or federal, Massachusetts (and political subdivisions) employee pensions, annuities, or retirement plans. <ul style="list-style-type: none"> <li>- The FY2012 “Social Security Deduction” is:  Worker: \$4,158 Spouse: \$2,079 as determined annually by the state.</li> </ul> </li> <li>• See worksheet on next page.</li> </ul>
Assets	<ul style="list-style-type: none"> <li>• Your Whole Estate must be under \$48,195* for single homeowners, \$66,269* for married homeowners.</li> <li>• Whole Estate includes: <ul style="list-style-type: none"> <li>- Total of all savings accounts, checking accounts, certificates of deposit, IRA accounts, annuities, stocks and bonds as of July 1, 2011</li> <li>- Any real estate other than your Lexington primary residence.</li> </ul> </li> <li>• Your primary residence, vehicles, personal effects and cemetery plots are not counted or included.</li> </ul>
Ownership and Residency	<ul style="list-style-type: none"> <li>• Massachusetts must have been your <i>state of primary residence</i> for the past ten years as of July 1, 2011</li> <li>• You must have <i>owned and occupied</i> your current home for the past five years as of July 1, 2011</li> <li>• If your home is held in trust, you must provide a copy of both the trust and the schedule of beneficiaries showing that you are a trustee and have a beneficial interest. Both the trust and the schedule of beneficiaries must be recorded at the Registry of Deeds</li> <li>• If you are a joint owner with a non-spouse or your home is a multi-unit dwelling, contact the Assessor’s office for further information</li> </ul>
To Apply	Contact the Assessor’s office at 781-862-0500 X 315 for an application. Filing deadline for FY2011 is three months after the first actual tax bill is mailed (on or about January 1 <sup>st</sup> ).

\* Qualifying limits may increase annually with a cost of living adjustment.

# Use This Tree to See If Your Income and Assets Qualify For the Fiscal Year 2012 Clause 41C Elder Exemption



**Detailed Information**

## Property Tax Exemptions for Veterans

**Benefits for veterans who were Massachusetts residents for six months before entering service or for five consecutive years before the current tax year FY2012 exemptions are based on veteran status as of July 1, 2011**

<b>Clause 22</b>	<ul style="list-style-type: none"> <li>• Veterans with VA certificate showing at least 10% disability. Veterans of the Lebanese peace keeping force or Granada rescue mission must show receipt of a campaign medal.</li> <li>• Veterans of Spanish War, Philippine and Chinese Expeditions with discharge other than dishonorable</li> <li>• Veterans having the Purple Heart</li> <li>• Spouses who haven't re-married, whose wife or husband qualified for this or any of the Clause 22 exemptions OR whose spouse lost his or her life in service.</li> <li>• Parents of soldiers or sailors who lost their lives in service. Natural, adopting, and parents who stood in loco parentis for one year prior to the time that the deceased entered service qualify. To establish status as in loco parentis, affidavits from two disinterested parties who are not relatives must be submitted.</li> </ul>	\$400.
<b>Clause 22A</b>	<ul style="list-style-type: none"> <li>• Veterans who have permanent loss of use of one foot, one hand, or sight of one eye</li> <li>• Recipients of the Congressional Medal of Honor, The Distinguished Service Cross, the Air Force Cross or the Navy Cross</li> </ul>	\$750.
<b>Clause 22B</b>	<ul style="list-style-type: none"> <li>• Veterans who have lost or have suffered permanent loss of use of both feet, both hands, or sight of both eyes.</li> </ul>	\$1,250.
<b>Clause 22C</b>	<ul style="list-style-type: none"> <li>• Veterans who are entitled to specially adapted housing as a result of service related disability.</li> </ul>	\$1,500.
<b>Clause 22D</b>	<ul style="list-style-type: none"> <li>• Surviving spouses of service members or guardsmen who died from injury or disease due to being in combat zone, or who are missing in action and presumed dead due to combat.</li> </ul>	\$2,500.
<b>Clause 22E</b>	<ul style="list-style-type: none"> <li>• Veterans with <b>yearly</b> certificate from the VA indicating 100% disability and incapable of working. (This is the only veteran's exemption that requires a yearly certificate)</li> </ul>	\$1,000.
<b>PAR</b>	<ul style="list-style-type: none"> <li>• Paraplegics or surviving spouses of paraplegics</li> </ul>	100%

**To Apply: Contact the Assessor's Office at 781-862-0500 X 315.  
Filing deadline for FY2012 is three months after the first actual tax bill is mailed (on or about January 1<sup>st</sup>).**

## Detailed Information for Fiscal Year 2012

# Property Tax Deferrals (Clause 41A)

and associated Water and Sewer Deferrals under Ch. 40, Sec. 42 and Ch. 83, Sec. 16G

**Let the value of your house pay your property tax.**

Age	You or your spouse must be 65 or older on July 1, 2011 for the Fiscal Year 2012
Benefit	<ul style="list-style-type: none"> <li>• Payment of any or all of your property tax and water/sewer charges can be postponed until the home is sold, conveyed, transferred to a trust, you or your surviving spouse die, or until you choose to pay off the deferral.</li> <li>• You can <u>never</u> be forced to move or sell your home under this program.</li> <li>• Use any single property tax exemption for which you qualify <u>first</u> and then defer all or part of the rest of your property tax.</li> <li>• <u>The fixed interest rate for FY2012 deferrals is 0.26% (simple interest)</u></li> </ul>
Income	Up to \$60,000 gross income, married or single based on 2010 income.
Assets	No asset restrictions
Ownership and Residency	<ul style="list-style-type: none"> <li>• Massachusetts must have been your state of <i>primary residence</i> for the past 10 years as of July 1, 2011.</li> <li>• You must have <i>owned and occupied</i> a home anywhere in Massachusetts for the past five years as of July 1, 2011.</li> <li>• Please note: Every other person with any legal or beneficial interest in the property must give written approval for the deferral (e.g. co-owners, banks that hold a mortgage, home equity loan, second mortgage, etc.)</li> </ul>
Other limits	<ul style="list-style-type: none"> <li>• Property taxes can be deferred to a maximum cumulative total of half the value of your home.... many decades of potential deferral</li> <li>• Upon the death of you or your surviving spouse or upon the transfer of the home's ownership, the annual interest rate on the amounts owed will increase to 16% until paid.</li> </ul>
To apply	<p>For <u>Property Tax Deferrals</u> contact the Assessor's office at 781-862-0500 X 315. Filing deadline for FY2012 is three months after the first actual tax bill is mailed (on or about January 1<sup>st</sup>).</p> <p>After qualifying for the Property Tax Deferral, contact the Board of Selectmen at 781-862-0500 X 208 to apply for <u>deferral of water/sewer charges</u>.</p>

### How it works:

- Each year's deferral is like an individual loan for that year's tax amount at that year's interest rate. It is a fair rate, generally 3% below the Prime Rate,\* and by law, can never be higher than 8%. During your lifetime and that of your surviving spouse, and as long as you own your home, the interest for the amount you defer in FY2012 will never be higher than 0.26%
- As long as you or your surviving spouse continue to qualify, you may enter into new deferral agreements for any subsequent year's property tax and water/sewer charges at the interest rate set for that year.

### Why is this an attractive option?

- Tax deferrals are a safe and inexpensive way to free up some of your income. Using the equity in your home to pay your property tax and water/sewer charges will allow you to enjoy the use of thousands of dollars that would otherwise have gone to paying those bills.

\* The interest rate is based on the *Monthly One Year Constant Maturity Treasury Rate* as published by the Federal Reserve Bank for the first week in March preceding the new Fiscal Year.

## Property Tax Deferral Example

In FY2011, a senior owning a \$550,000 house decided to start deferring his/her entire property tax bill every year. In 2016, he/she decides to sell the house and move into an assisted living facility.

Fiscal Year	House Value (Projected appreciation rate at half of the historic rate of past 10 years)	100% of Property Tax Deferred (Assumes that taxes increase at same 7.4% rate as past 10 years. Rate includes all past overrides and debt exclusions)	Deferral Interest Rate (Simple Interest rate; 2011 to 2015 is an estimate based on average of One Year Constant Maturity Treasury Rate as of March of last 10 years)	Deferred Tax Plus Interest (Total from 2010 until house is conveyed in 2015)
2011	\$550,000	\$8,190	0.34% (actual)	\$8,344
2012	567,232	8,799	2.49% (hypothetical)	9,792
2013	585,003	9,453	2.49% (hypothetical)	10,286
2014	603,331	10,156	2.49% (hypothetical)	10,798
2015	622,234	10,911	2.49% (hypothetical)	11,330
2016	641,729	11,722	2.49% (hypothetical)	11,881

↓  
Value of House when Conveyed  
**\$641,729**

↓  
Total Cost of Six Years of Deferral  
**\$62,431**

House Value when sold: \$641,729
Minus total cost of deferral: - \$62,431
Equals equity left for use by senior: \$579,298

**A \$550,000 house will likely have more than \$579,000 left after six years of appreciation and repayment of deferred taxes and interest.**

**Detailed Information for Fiscal Year 2012**

**Exemption from  
the Community Preservation Act Surcharge  
for those aged 60 and over**

Age	Applying owner must be 60 or older on January 1, 2011																			
Benefit	100% exemption from the surcharge																			
Gross Income	<p>Use your 2010 household income to qualify</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Household Size</th> <th style="text-align: center;">FY2012 Income Limit*</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$ 67,600.00</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">77,200.00</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">86,900.00</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">96,500.00</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">104,200.00</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">111,900.00</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">119,700.00</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">127,400.00</td> </tr> </tbody> </table> <p>(Different income limits apply to taxpayers under age 60)</p>		Household Size	FY2012 Income Limit*	1	\$ 67,600.00	2	77,200.00	3	86,900.00	4	96,500.00	5	104,200.00	6	111,900.00	7	119,700.00	8	127,400.00
Household Size	FY2012 Income Limit*																			
1	\$ 67,600.00																			
2	77,200.00																			
3	86,900.00																			
4	96,500.00																			
5	104,200.00																			
6	111,900.00																			
7	119,700.00																			
8	127,400.00																			
Assets	There is no asset limit																			
Ownership and Residency	You must own and occupy the home as your primary residence as of January 1, 2011.																			
To Apply	Contact the Assessor's office at 781-862-0500 X 315 for an application. Filing deadline for FY2011 is three months after the first actual tax bill is mailed (on or about January 1 <sup>st</sup> ).																			

\* The income limit changes every year. It is based on the local area median income as annually published by United States Department of Housing and Urban Development.

## Detailed Information

This chart shows 2011 income and benefit figures  
2012 figures will be published in early FY2013  
Qualifying amounts and benefit change annually

# Massachusetts “Circuit Breaker” Tax Credit

[This is a State program administered by the Commonwealth of Massachusetts Department of Revenue at 617-887-MDOR \(617-887-6367\)](#)  
[www.dor.state.ma.us](http://www.dor.state.ma.us)

If your property tax (or 25% of your rent) exceeds 10% of your gross income, you may be eligible for a payment or tax credit from the State.

Age	65 years of age or older at close of tax year
Benefit	<p><b>Homeowners:</b> One dollar for every dollar that your property tax plus half of your water and sewer bill exceeds 10% of your income.</p> <p><b>Renters:</b> One dollar for every dollar that 25% of your rent exceeds 10% of your income. Rent must be unsubsidized and landlord must be a tax-paying entity.</p> <p>Maximum benefit: \$980*</p>
Income	<ul style="list-style-type: none"><li>• \$52,000* for a single individual,</li><li>• \$65,000* for a head of household</li><li>• \$78,000* if married and filing jointly.</li></ul> <p><i>Married filing separately is ineligible</i></p>
House Value/ Assets	<ul style="list-style-type: none"><li>• Assessed value of house \$729,000* or less</li><li>• Otherwise, no asset limit</li></ul>
Ownership And Residency	<ul style="list-style-type: none"><li>• Renters receiving rent subsidies do not qualify.</li><li>• Landlord must be a tax-paying entity</li><li>• Special provisions are made for certain assisted living arrangements and for certain types of trust ownership. See state website for more information <a href="http://www.dor.state.ma.us">www.dor.state.ma.us</a></li><li>• Your Massachusetts house or apartment must be your primary residence</li></ul>
To Apply	<p>Taxpayers or Renters who are eligible for this tax credit should claim the credit when they file their state income tax return. If you are eligible but do not normally file a state income tax return, you may obtain the benefit by filing a return and claiming the exemption. Past returns may be amended up to 3 yrs.</p> <p>Lexington’s Senior Center provides trained tax advisors during the tax filing season who can help you apply for this benefit. Call 781-861-0194</p>

\* The 2012 income limits and benefit amounts will be set by the state in the second quarter of fiscal year 2013.