



FOR IMMEDIATE RELEASE

Dec. 3, 2011

Contact:

Mark Hornbeck

AARP Michigan

(517) 327-8935

mhornbeck@aarp.org

Senior groups push for pension tax repeal

Four groups representing more than 1.5 million public and private pensioners and other seniors today called for the Michigan Legislature to repeal the pension tax that is set to take effect Jan. 1.

The tax, passed by the Legislature this summer to help finance a business tax cut, is onerous, unpopular and unfair and should be eliminated, said officials from AARP Michigan, the Michigan Association of Retired School Personnel, Michigan State Employee Retirees Association and the National Active and Retired Federal Employees, Michigan Federation of Chapters.

The Michigan Supreme Court's recent advisory opinion places remedy for the pension tax back in the hands of state lawmakers.

“The Legislature has one last chance to get this right,” said Eric Schneidewind, president of AARP Michigan.

Schneidewind noted that the attack on retirees’ financial security is also playing out in the nation’s capital, where Social Security and Medicare have been targets during Congressional efforts to reduce the federal deficit.

“It’s a triple threat to Michigan seniors. Wherever the financial security of those 50 and older is threatened, AARP will fight back,” he said.

If the tax is allowed to stand, seniors -- who make up one of the most active and powerful voting blocs in the state -- will remember this issue in 2012 when they go the polls, Schneidewind said. He added that AARP will hold accountable legislators who voted in favor of the pension tax.

Mary Pollock, legislative representative for the State Employee Retirees Association, said: “This tax can cost some pensioners on fixed incomes hundreds or even thousands of dollars. They made retirement decisions based on the no-tax status of pensions. Repealing this unfair tax is the right thing to do.”

Pensioners are not the only ones who oppose the tax. An EPIC/MRA poll conducted in August indicated two-thirds of Michigan voters statewide oppose it.

Mark Guastella, executive director of the Michigan Association of Retired School Personnel, said the average annual pension of his group’s members is \$23,000.

“These long-time public servants will be subject to a substantial tax increase resulting from this Act. In large part, these are people who can least afford a reduction in their income,” he said.

Guastella noted that while taxes are being increased on school retirees, spending to the School Aid Fund is being cut.

“We believe Public Act 38 adds an additional burden to our members’ livelihood while potentially damaging the education systems to which they committed their lives,” he said.

David Adams Jr., president of National Association of Retired Federal Employees of Michigan, added: “NARFE continues to strongly oppose the unfair tax burden that has been imposed on the pensions of retirees in Michigan. We fully support the effort to repeal this onerous legislation and urge our state lawmakers to do so.”