

Governor's Council to Address Aging in Massachusetts

Tuesday, June 19th, 2018

9:00 AM - 11:00 AM

McCormack Building

One Ashburton Place - 21st Floor Conference Rooms 1 & 2

Boston, MA 02108

In attendance: Co-Chairs Secretary Marylou Sudders and Eileen Connors, Secretary Alice Bonner, Ger Brophy, Rosanne DiStefano, Beth Dugan, Kevin J. Dumas, Tom Grape, Steve Kaufman, Aniko Laszlo (representing Assistant Secretary Kate Fichter), Nora Moreno Cargie, Ruth Moy, Alicia Munnell, Brian O'Grady, Tom Riley, Amy Schectman, and Sacha Stadhard (representing Executive Office of Labor and Workforce Development).

On the phone: Bill Caplin and Janina Sadlowski.

Not present: Joe Coughlin, Chrystal Kornegay, and Laura Iglesias Lino.

Council Staff: Amanda Bernardo, Emily Cooper, Kathryn Downes, Kara Jeter, Robin Lipson, Thomas Lyons, Charlotte Reed, and William Travascio

The meeting was called to order at 9:10 am by Co-Chair Secretary Sudders, who welcomed all Council members and visitors. A motion was made by Beth Dugan to approve the minutes from the April 26th, 2018 meeting. The motion was seconded Amy Schectman and the minutes were approved by all members present.

After the minutes were approved, Amy Schectman shared three recent Boston Globe Articles that discuss property tax deferral and some of the benefits that older adults can reap by participating in the program.

(Weisman, Robert. "If you're over 65, here's one of the best-kept secrets in Mass." *Boston Globe* 9 March 2018.

Pothier, Mark. "The kids are gone, but their boomer parents can't afford to downsize." *Boston Globe* 4 June 2018

Murphy, Sean P. "An inheritance damaged by delayed property taxes." *Boston Globe* 18 June 2018.)

Amy said that while the Housing Workgroup is looking at all options to help older adults stay in their own homes, property tax deferral is the most promising one. She added that according to the BC Center for Retirement Research, the average older adult could save \$4,000 a year. Meanwhile the state's Senior Circuit Breaker Tax Credit, helps 84,000 older adults in Massachusetts save \$70 million a year of income tax. The credit is for older adults who spend 10% of their income, or more, paying property taxes. Through this program, the Commonwealth reimburses cities and towns for the lost revenue. Just under 1000 older adults participate in the property tax deferral program statewide. Under this program, the

state sets the income level at \$20,000 with an 8% interest rate. However, municipalities can raise the income level (to as high as \$57,000) and can lower interest rate as low as 0%. When the older adult passes away the lien on the property goes in effect, the interest rate on the principle is added, and the interest rate increases to 16%. Currently 310 communities offer a property tax deferral program, 154 of which offer the program with a modified income requirement or a reduced interest rate. The maximum deferral is 50% of value of the property.

Amy noted that one of the challenges facing this program is the lack of publicity and awareness about it. There can also be a lack of clarity in the process when applying for the program. Another challenge is the stigma of eventually having a lien on one's property. One unique challenge for municipalities with a large portion of older adults is that if take up rates become significant, the deferral of property taxes by many would have a negative impact on the community's revenue.

Amy introduced three people who have experience with the property tax deferral programs.

- David Stevens, Executive Director of the Massachusetts Association of Councils on Aging (MCOA)
- David Klein, Director of the Carlisle Senior Center
- Elizabeth Dromey, Assessor for the Town of Newton

David Stevens, MCOA, mentioned that over the last two decades the Massachusetts Association of Councils on Aging (MCOA) has had a task force devoted to tax deferral programs. He added that this group is made up of consumers, municipal assessors, and senior center staff. The task force is currently chaired by David Klein from the Carlisle Senior Center. David said that this task force helped to develop some of the state's criteria for property tax deferral 20 years ago and in the current legislative session have sponsored legislation to update some of the measures.

David Klein, Carlisle Council on Aging, noted that in communities where the interest rate for the property tax deferral has been lowered to under 8% have a higher participation rate than those that have not. He said that some communities, such as Newton, have tied their interest rate to other rates, such as the United States Prime Rate, minus 1%. He noted that some states advance the money to the municipality for the lost revenue. MCOA has a piece of legislation which addresses the 16% interest rate that goes into effect with the consumer passes away. Representative Jay Kaufman has filed legislation to allow for a 1 year grace period after the consumer passes away before the interest rate jumps up to 16%.

Amy and David Klein both noted that if there is an existing mortgage on the property, the home owner can only participate in the tax deferral program if the lender agrees.

David Klein went on to say that some generations, such as the Greatest Generation or the Silent Generation, who could benefit from these programs choose not too because of the stigma of having a lien on their home after they pass away.

David Stevens noted that according to the UMass Donohue Institute, the roughly 1,000 program participants across the state have been able to defer close to \$1.7 million in property taxes. David Stevens said that baby boomers may be more willing to participate in these programs as they age compared to their predecessors.

Elizabeth Dromey, Assessor for the Town of Newton, said that the Assessor's office encourages residents to take advantage of this program, particularly if they are struggling. She noted that since 1976, residents in the program have paid the town back \$8.7 million. Currently, the income limit is \$65,000 and the interest rate is tied to the federal government discount rate. On June 30th of every year the rate changes for the next fiscal year.

Amy Schectman asked how Newton arrived at using the federal discount rate as the interest rate for the property tax deferral program and Elizabeth explained that a local citizen who was an accountant felt that if the program is designed to help people than it shouldn't be punitive. The federal discount rate reflects the US economy and means that the community is locked into a set rate. However, it also means that there is uncertainty as to the interest rate that the resident is paying.

Kevin Dumas mentioned that in Mansfield a resident hasn't enrolled in the program in a decade. He added that every year at town meeting the Mansfield residents vote to double the amount of the exemption allowed by law. In Mansfield the Assessor's office works with the resident to find programs that they would qualify for. However, they have also found that residents do not want to enroll in the property tax deferral program because they do not want to put the burden on a loved one down the road. Through conversations with his colleagues across the state, his understanding is that participation in these programs is low, and more could be done to make people aware.

Amy Schectman asked what the incentive would be for communities to promote this program.

Kevin Dumas felt that the program should be led as statewide initiative and promoted by this Council and the Mass Municipal Association.

Amy Schectman asked the panelists if they thought that the property tax deferral program has had an effect on the housing markets in their communities.

Elizabeth Dromey has not seen a significant impact. She did remark that there have been conversations about having additional housing for residents as they age with more walkable neighborhoods. She said that last year there were 65 participants in the property tax deferral program, with the principle amount being deferred being less than \$500,000.

Alicia Munnell asked how long residents are deferring their taxes for.

Elizabeth Dromey said that sometimes residents will be in the program for 15 or 20 years. However, sometimes it is just for a year or two- if the resident has an unexpected expense. She noted that people enroll or dis-enroll based on their situation.

David Stevens noted that the 4th pillar of MCOA is economic security. He noted that MCOA has found that people come into the property tax deferral program through other programs, such as fuel assistance or assistance with paying for prescriptions. He added that this program is simpler than a reverse mortgage.

Co-Chair Secretary Sudders asked how consumers find out about a program like this.

Elizabeth Dromey said that in the 3rd quarter tax bill, a flyer is inserted into the bill that promotes programs for: older adults, veterans, and people with disabilities. The flyer encourages residents to go to the assessor's office website or to visit their office in-person. Elizabeth said that one of the members of her team only works on exemptions.

Co-Chair Secretary Sudders said that in Cambridge, the assessor's office does a great job of notifying people about programs available to them. However, enrolling into the programs can still be complex and difficult to understand.

Elizabeth Dromey said that older adults make up the largest population of people who visit the assessor's office. She added that members of her team visit the local senior center and make presentations. She thought that having the information in writing is not enough and that personal outreach is important.

Nora Moreno Cargie mentioned that age-friendly initiatives are now in the Community Compacts program and asked if better outreach to older adults about programs offered by a local assessor's office is something that could be added as a best practice. She stressed that one possible best practice could be for all 351 communities in Massachusetts to have a property tax deferral program, noting that currently 40 communities do not have a program.

Ger Brophy said that trust is very important when discussing finance. He recalled having seen ads about reverse mortgages that seem suspicious and felt that programs like tax deferral have to be government led.

Roseanne DiStefano suggested that there should be a check off box on the notices that are mailed out to residents with the property tax where they could indicate that they want to meet with someone from the assessor's office about programs available. She agreed with Ger that people are frightened by scams. She suggested that municipalities could recruit money managers as volunteers who could go into a resident's home and meet with them 1:1.

Alicia Munnell said that if one of the proposals put forward by the Council would be to require towns to put a check box on the bill that residents can check if they want to defer

their property taxes. She wondered what the potential downsides could be to a proposal like that.

Amy Schectman noted that whether the income limit should be eliminated. Another option could be that by checking the box the resident is indicating that they are in compliance with the requirements of the tax deferral program.

Elizabeth Dromey noted that if all older adults could defer regardless of their income level than she feared it would have negative implications for cities and towns.

Secretary Bonner noted how important it is for any communication out to older adults to be seen unquestioningly legitimate. The Secretary said that EOEA is flooded all the time with concerns about scams.

Co-Chair Eileen Connors said that she liked what Rosanne said that perhaps volunteers, like meals on wheels drivers, go to people's homes to explain financial assistance programs available to them. She said that while it is hard to organize 1:1s, it is important that that knowledge is shared.

David Klein offered that EOEA's network of ASAPs/AAAs would be great resources for the municipalities because each ASAP/AAA has money managers. In addition, he believed that while the senior tax work off program has many benefits.

Kevin Dumas thought that by including the notice in the property tax bill or utility bill, it would not require any additional postage. In addition, it would get the word out to all of the households, which in Mansfield is 18,000 households alone.

David Stevens said that he is concerned that Massachusetts is 2nd only to Mississippi in Elder Economic Insecurity. 60% of people living alone are economically insecure. The average older adult needs about \$10,000 more to live. He asked the Council if is there a way to find out how many older home owners are economically insecure. He suggested that the Council work with the Massachusetts Municipal Association (MMA) to identify home owners who are economically insecure and reach out to them. However, David also noted that while the outreach about the circuit breaker tax is extensive, it too is underutilized.

Beth Dugan said that currently her colleagues are updating the Massachusetts Healthy Aging Data Report, which could provide some analysis. The updated report will be released in January of 2019. Beth suggested by looking at the report, communities that have high need, or high risk, could be identified. She suggested that those communities could be proving grounds for pilot programs.

Amy Schectman thanked the panelists for their insight. She added that the information they shared will help to inform the Housing Workgroup's recommendations. She mentioned the Council should also consider the tax rate for development of affordable housing for low income older adults.

Co-Chair Secretary Sudders thanked the panelists for attending.

Ger Brophy said that one of the tools that the Innovation & Technology Workgroup has at its disposal is the GE Grand Challenge to alleviate loneliness and isolation for older adults. Ger added that three advantages of running the Challenge are:

- First, the Challenge drives clarity and acuteness of thinking.
- Second, it drives interest and engagement around the issue.
- Third, it should develop a workable idea(s) or product(s).

The purpose of the Grand Challenge is to make progress in an area where the Council believes there is a need. Both Benchmark Senior Living and MIT Age Lab have contributed funds for a prize, while GE will host the project. The goal is to launch the program at the end of June and to announce a winner in December. GE's communications team is working with the Governor's Office communications team.

Nora Moreno Cargie expressed her excitement for this project, particularly because it brings organizations together who do not think of aging and who aren't the usual stakeholders. Nora believed that the Council's question for the Grand Challenge should not be just about isolation, but also about engagement of older adults. She stated that the question should not just be about addressing the problem of isolation, but also reach out to people who have so much more to give. Another point Nora made was that older adults should also be part of the judging process to see if the ideas/products developed will benefit them.

Ger Brophy stated that four areas submitters should focus on when developing ideas are: caregiving, transportation, housing, and employment & volunteerism. It is through these four lenses that submitters could create solutions to isolation and loneliness in the older population. These four topics have come up many times in the Governor's Council to Address Aging in MA meetings and will help to frame the Council's need.

Dyan Finkhousen, GE Global Solutions, felt that the need for submitters to reduce isolation through those four lenses is important. These four lenses will help to give context and will promote a more specific conversation because isolation can be interpreted in many ways.

Tom Riley asked about scale and impact of the potential solution that would come out of the Grand Challenge. Tom said he worried that ideas solicited through the Grand Challenge might not be able to be marketed in a meaningful way. He also questioned whether a product could reach all of its intended audiences.

Dyan Finkhousen felt that scale would be incredibly important. For instance, if the submitter suggests an in-person or internet related solution than how would it work in remote areas of the country where people are more spread out and may not have access to the internet. Dyan pointed out that the user and the buyer may not be the same person.

Ger Brophy believed that having a credible sponsoring organization take on the outreach would be important because it would give credence to the message being conveyed, whatever message that might be.

Nora Moreno Cargie echoed the notion that communication and collaboration is incredibly important, any idea or solution that is created, needs to transcend culture, language, and level of ability of the population.

Rosanne DiStefano asked what are good indicators of someone needing a service? She pointed out that just because someone is perceived as being alone/isolated, that that may not be the case. She added that health could be a good indicator; declining health could lead to a lack of interest or a lack of ability in being social.

Dyan Finkhousen shared that loneliness and isolation have two distinct definitions. Dyan felt that a guide could be put on the Grand Challenge's page that would help the submitter differentiate between the two.

Alicia Munnell said that her concern is economic insecurity and that if someone cannot pay for their medication or for heat for their home that they may be tackling more pressing issues than loneliness and isolation.

Tom Riley commented that at SeniorLink his team created a video titled: "My Wish." The video is about a caregiver for a person with Alzheimer's disease. It was launched simultaneously with a Facebook page for caregivers and people with Alzheimer's disease, as part of national family caregiver month. In the short time the page has been active, it has grown to over 3,000 members. The page is active all hours of the day and so far thousands of comments have been posted. One common theme among many of the members is that they are low income. However, he stressed that that doesn't make the support any less meaningful. He added that while this issue does not take precedence over economic insecurity. He did add that support is incredibly important especially on a human level when being faced with diseases.

Ger Brophy mentioned that any solution would need to address impact, scale, and productivity. Objective and fair criteria to judge the proposals would be developed with the input of the Council.

Dyan Finkhousen added that the goal would be to launch the Grand Challenge the Week of June 24th. After the launch, the success of the challenge depends upon the ability of the Council members to spread it to their networks to connect with innovators, experts, and commercial interests. Proposals will likely be due by the 3rd week in September and judging will begin that week. Judges will have about a month to evaluate the proposals. A winner would be announced the first or second week in December. GE also hopes to organize a meeting of submitters and members from each of the Council's workgroups, so that the submitters can get expert guidance from the council members.

Following discussion about the Grand Challenge, each of the workgroups gave a brief update:

Alicia Munnell stated that the employment workgroup has four goals with regard to economic insecurity: First, educate adults about the benefits of working older. Second, educate employers about the benefits of hiring older workers. Third, create an age-friendly employer designation in Massachusetts. Fourth, create a proposal for auto IRA programs. The work group is currently reviewing proposals on all four of these goals.

Tom Riley mentioned a joint meeting that the caregiver workgroup had with the employment work group. They discussed challenges around people self-identifying as caregivers. They also discussed benefits that some companies have for caregivers, such as Raytheon and Phillips. The discussion included how to scale those benefits at businesses of different sizes.

Nora Moreno Cargie discussed a transportation scan that the transportation workgroup just conducted. The scan will be released on June 19th after the council meeting. Co-Chair Eileen Connors thanked everyone for attending and wished everyone a nice summer.

The meeting adjourned at 11:00 am.

Brief Summary of Topics Discussed by Council Members:

- Pilot programs
- Grand Challenge
- Support groups
- Caregiving
- Employment
- Workforce
- Transportation
- Housing
- Age-Friendly
- Communications
- Property Tax Deferral
- Circuit Breaker Tax Credit