

Senior Tax Resources

A practical guide for retirees and the families who look out for them

Retirement changes the **mix** of income on a tax return more than most people expect. Instead of one W-2, a retiree may have Social Security, a pension, retirement account distributions, interest, dividends, and part-time work — each with its own tax treatment. This guide covers what to understand, what to gather, and what to watch out for.

1. Understand How Your Retirement Income Is Taxed

Social Security is the most misunderstood income in America. It is neither fully "tax-free" nor "fully taxed" — *a portion of your benefits can be taxable depending on your overall income.* Part-time work, a pension, a large IRA withdrawal, or strong investment income can all push more of your benefits into taxable territory.

Key insight: the taxability of your Social Security depends on your **other** income. This is exactly the kind of interaction worth reviewing **before** taking a large distribution — not after.

Money coming out of retirement accounts

Distributions from a traditional IRA, 401(k), or similar account are generally taxable in the year they are withdrawn — and certain accounts become subject to **required minimum distributions (RMDs)** at a specific age set by law. Missing an RMD can trigger one of the steepest penalties in the tax code. RMD ages and penalty rules have changed in recent years, so confirm your current requirement with a professional.

Ask your preparer: "Am I required to take a distribution this year? From which accounts, by when — and would a withdrawal push more of my Social Security into taxable range?"

2. Records Worth Keeping

Two categories of expenses can matter on a senior return — but only with records:

Medical and dental

Keep systematic records of: insurance premiums, out-of-pocket costs, dental work, prescriptions, eyeglasses, hearing aids, mileage to medical appointments, and long-term care costs. Limitations apply (generally only amounts above a threshold of your income count, and only if you itemize) — but at the point in life when medical spending is highest, the records are worth keeping.

Charitable contributions

Keep receipts for cash gifts and documentation for non-cash donations — what was given and its value. Larger non-cash gifts can require more formal appraisals.

The habit: one folder labeled "Medical," one labeled "Charity." File receipts the day they arrive, and add up the totals once in December.

3. Property-Tax Relief — One Phone Call Could Save You Money

Many states and counties offer property-tax relief for qualifying seniors: **exemptions, freezes, deferrals, or circuit-breaker credits**. These are entirely location-specific and often go unclaimed — because nobody tells seniors they exist.

Action item: call your county or town tax office (or ask your preparer) and ask one question: "What property-tax relief programs exist for seniors in this county, and do I qualify?" It costs one phone call.

4. Watch Out for Tax Scams

Seniors are targeted by tax scams more than any other group, and the scams follow a predictable pattern. Learn the pattern once and you are protected against all its variations:

The pattern: urgency + fear + unusual payment + authority you can't verify. A caller claims to be from the IRS and demands immediate payment, threatens arrest, and insists on gift cards, wire transfers, or cryptocurrency.

- ☐ The real IRS generally initiates contact by **mail**, not threatening phone calls
- ☐ The IRS never demands gift cards, cryptocurrency, or wire transfers
- ☐ The IRS does not threaten arrest over the phone for an unpaid balance
- ☐ You always have the right to verify — hang up and call the agency directly using a number you look up yourself on IRS.gov

If you receive a call like this: hang up. Do not give any information. Tell a family member. If you want certainty, call the IRS directly at the number listed on IRS.gov.

5. Free Tax Help Is Available

- ☐ **Tax Counseling for the Elderly (TCE)** — free tax help, staffed by IRS-certified volunteers, generally for people age 60 and older
- ☐ **VITA (Volunteer Income Tax Assistance)** — free return preparation for low-to-moderate income taxpayers of any age; IRS-certified volunteers
- ☐ Both are free, and both are run by organizations in your community — search "VITA near me" or visit IRS.gov to find a location

Want a Professional on Your Side?

Charles Tax & Financial Services prepares returns with the patience and year-round availability seniors deserve. Doris Charles is VITA/TCE-certified, a PTIN holder (federally authorized to prepare returns for compensation), and certified to prepare New York State tax returns.

Schedule a consultation: 703-339-1292 · info@charlestaxandfinancial.com · www.charlestaxandfinancial.com

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