

# LEGAL EASE



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## Tax tips for seniors

By the time that you are reading this, it will be less than one month until the April 15 deadline by which 2009 federal and state income tax returns should be filed. Elder Law Answers ([www.elderlawanswers.com](http://www.elderlawanswers.com)) recently published some tax tips intended for seniors. However, note that some of these tips are appropriate for those who are under 65 year old also.

First it is suggested that you obtain all the proper forms, and take all of the deductions to which you are entitled. The IRS offers free tax help through the Tax Counseling for the Elderly (TCE) for taxpayers who are 60 and older. The IRS also publishes a [Tax Guide for Seniors](#) (check on the IRS website or on Elder Law Answers). Some helpful tips to keep in mind include:

- Did you give away any money this year? **Gifts** made in excess of \$13,000 per person in 2009 require that the taxpayer file a gift tax return or Form 709. It does not mean that you will necessarily owe gift tax, since there is lifetime exemption.
- Many **medical expenses** are tax deductible. In order to claim medical expenses, they need to be in excess of 7.5 percent of your adjusted gross income. Medical expenses cannot include expenses reimbursed by insurance, but can include out-of-pocket costs for prescriptions, inclusive of deductibles and co-payments, Medicare Part B, C, and D premiums (Medicare Part B is usually deducted from Social Security payments). You must have paid the medical expenses in 2009 no matter when service was provided.
- Those who are caring for a parent or parents may be able to qualify for the **parental deduction**, and claim the parent as a deduction on the child's income tax return (exemption is \$3,650 in 2009). Be sure that you meet the requirements for this deduction, but many people do not even realize that it is available.
- Premiums for *qualified long term care insurance policies* are treated as an unreimbursed medical expense. They are deductible for the taxpayer, his or her spouse and other dependents.
- Even if you do not have sufficient expenses to itemize, you may be able to increase the amount of the standard deduction by the amount of your **real estate taxes**, up to \$500 or \$1,000 if filing jointly. Do not forget to look into property tax rebates, or rent rebates. Although not a part of the federal income tax filing process per se, this is a good time of year find out about the qualifications and filing requirements.
- Those who sold a home in 2009 may be entitled to the **home sale exclusion** (\$500,000 for married couples, \$250,000 for individuals). A surviving spouse who sells a home after 2007, and within two years of the spouse's death, can still claim the married couple's exclusion.
- Some low income or disabled individuals are eligible for the **Elderly or Disabled Tax Credit** if you meet certain income limits.
- Generally, **Social Security benefits** are not taxable. Be aware that persons with substantial income may need to pay taxes on Social Security nevertheless.

Your tax preparer can help you to take all deductions to which you are entitled. Knowledge of deductions in your particular situation can be very helpful to be sure that your tax preparer knows enough about you to give you the maximum assistance.