

# RetireSafe

Standing up for America's Seniors!

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## **Repeal New Mexico's Double-Tax on Social Security Benefits**

**By Mark Gibbons, President and CEO of RetireSafe "Standing Up for America's Seniors!"**

Social Security is arguably one of the most important social programs in our society and millions rely on its benefits to pay the bills and cover food, living or health care expenses. Despite its necessity, in 1990, the New Mexico legislature made the grave mistake of passing legislation imposing the state's income tax on Social Security benefits. For decades, Americans work diligently in order to provide for themselves and their loved ones, paying taxes and contributing to the social security trust fund so that when the time comes for them to retire, they have some financial stability. Due to this tax, that is often not the case in New Mexico.

In fact, New Mexico is one of only 13 states that taxes Social Security benefits for mature adults, costing the average recipient nearly \$700 a year. Social Security is often the only form of income for many recipients, with the average benefit being about \$13,900 a year. So, for approximately 65,000 New Mexico residents whose Social Security benefits are taxed by the state, the essential money they need for medicine, housing, food, and caregiving is being taken away.

This is not only unacceptable, it's unjustifiable. New Mexico currently ranks second highest in the nation for the percentage of seniors living in poverty. Not only do these struggling mature adults depend on Social Security for income, but so do the nearly 200,000 caregivers in New Mexico who support loved ones with chronic conditions, disabilities or the fatalities of old age.

As President and CEO of RetireSafe – a non-profit with a mission to educate and advocate on behalf of mature Americans – I am inclined to question the reasoning behind taxing the Social Security checks of retirees, disabled, and their dependents because it completely undermines a system, which was designed to lift this population out of poverty. Since the implementation of this tax, New Mexico has experienced significant socio-economic issues that have rippled through the state's population. For example, according to the U.S. Census Bureau, in 2019, 12.2 percent of residents in New Mexico, 65 and older, lived in households at or below 100 percent of the poverty threshold. Nearly 3 percent higher than the national average.

Furthermore, perspective retirees themselves simply do not support taxing their limited benefits, as they are already facing significant challenges in their retirement years. Recent polling conducted by RetireSafe in Iowa found that for individuals ages 45 to 64, 58 percent say the cost of living is their biggest concern about retirement. Twenty three percent of respondents said they have gone without medication due to the high cost of prescription drugs, and only a meager 38 percent of respondents feel confident about Social Security. Yet, in the face of these concerns, states like New Mexico continue to impose this type of archaic taxation and put the lives of retirees at stake.

If the New Mexico legislature and Governor Michelle Lujan Grisham worked together to repeal this onerous policy, they could create significant benefits for the state. Caregivers could use the additional money for medication, travel expenses to doctor appointments, and nursing services for when they

aren't around. Not only would the repeal of this tax attract more retirees to the state, but, the extra money could be injected straight back into the economies of local communities, spurring further economic stimulation.

We can all agree that mature adults should be able to retire comfortably and with dignity. The best way for the state of New Mexico to ensure that, is by repealing this grossly unfair tax. This tax puts the lives of tens of thousands of Americans at risk, and aging adults shouldn't have to choose between lifesaving medications and whether they can afford their next meal. We encourage the state of New Mexico to listen to their constituents and ease the economic burden on seniors during their retirement by repealing the Social Security income tax today.