

December 18, 2017

Dear Representative:

On behalf of our members and all Americans age 50 and older, AARP is writing to express our views on the Tax Cuts and Jobs Act. AARP, with its nearly 38 million members, represents individuals affected by this tax bill. As we did with the last major effort at tax reform a generation ago, AARP has been prepared to support legislation that makes the tax code more equitable and efficient, promotes growth, and produces sufficient revenue to pay for critical national programs, including Medicare and Medicaid. However, the Tax Cuts and Jobs Act does not meet these criteria.

We remain deeply concerned by the negative effect the Tax Cuts and Jobs Act will have on the nation's ability to fund critical priorities. The tax legislation will increase the deficit by approximately \$1.5 trillion over the next ten years, and an unknown amount beyond 2027. The large increase in the deficit will inevitably lead to calls for greater spending cuts, which are likely to include dramatic cuts to Medicare, Medicaid, and other important programs serving older Americans. Indeed, the non-partisan Congressional Budget Office (CBO) has confirmed that unless Congress takes action, the reconciliation legislation will result in automatic federal funding cuts of \$136 billion in fiscal year 2018, \$25 billion of which must come from Medicare. Such sweeping cuts would be detrimental to an already vulnerable population.

Efforts to restructure all or part of the federal tax system should maintain incentives for health and retirement security. Such incentives are not only important to assist individuals in attaining the security they deserve but are vital to our nation's future economic well-being. The expiration of several of the income tax provisions designed to provide individual tax relief, the introduction of chained Consumer Price Index to the tax code and, for many tax filers, the limitation of the state and local tax deduction, may result in little if any tax benefit for many older tax filers, and for others, a tax increase. In fact, given the distributional analysis of the Joint Committee on Taxation of the House and Senate tax bills, it is reasonable to anticipate that the Tax and Jobs Act may not deliver the tax cuts that older Americans anticipate, and will likely increase taxes for many.

Furthermore, the repeal of the individual mandate will increase costs and cause millions of Americans to lose health insurance coverage. The CBO estimates that elimination of the requirement that individuals have health care will result in 13 million fewer Americans with health coverage over the next ten years. CBO also estimates that it will cause premiums in the health insurance marketplace to increase by approximately ten percent. As a result, premiums for 64-year-olds could increase by an average of \$1,490.

AARP appreciates that the Tax Cuts and Jobs Act retains the medical expense deduction and restores the 7.5 percent income threshold for all tax filers for two years. Nearly three-quarters of tax filers who claimed the medical expense deduction are age 50 or older and live with a chronic condition or illness, and seventy percent of filers who claimed this deduction have income below \$75,000. Maintenance of this important deduction is critical financial protection for seniors with high health care costs. We are also pleased that the Tax Cuts and Jobs Act retains the additional standard

deduction for those age 65 and older, as well as rejects proposals to make significant changes to the tax treatment of retirement contributions, which would have negatively affected the ability or commitment of many tax filers to save for their retirement.

For the reasons noted, and despite the provisions we appreciate, AARP cannot support the overall Tax Cuts and Jobs Act. If you have any questions or need additional information, please feel free to contact me or contact Joyce Rogers, Senior Vice President of Government Affairs at 202-434-3750 or at jarogers@aarp.org.

Sincerely,

Jo Ann C. Jenkins

Chief Executive Officer