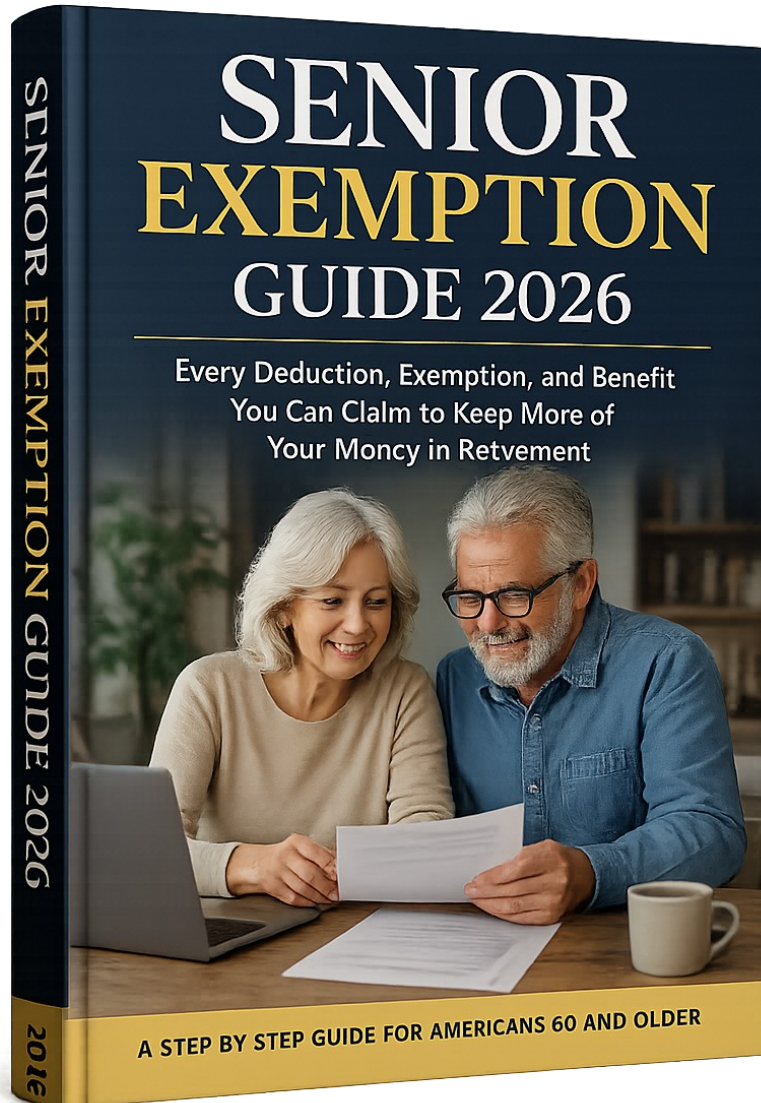




Before You Begin

This guide is educational. It is not personalized tax, legal, or financial advice, and it is not a substitute for a licensed CPA, enrolled agent, elder law attorney, or financial advisor who knows your full situation. Every number in this book reflects federal and state rules current as of 2026, and tax and benefit rules change every year, sometimes mid-year. Before you file anything or send money anywhere based on what you read here, confirm the current figures directly with the IRS, your state Department of Revenue, or the specific agency named in each chapter.

Nothing in this guide asks you to pay anyone, provide your Social Security number, or send money to claim a benefit. Every program described here is either free to apply for or is a government benefit you're already entitled to. If anyone contacts you claiming you must pay a fee to "unlock" one of these benefits, that is not how any program in this book actually works — treat it as a warning sign, not a shortcut.

A NOTE ON ACCURACY

This guide focuses on federal rules plus illustrative state examples. Property tax and state income tax rules vary by state, county, and sometimes city — always confirm your local numbers before filing.

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Chapter 1 — Why Most Seniors Leave Money on the Table

Here is the uncomfortable truth behind this entire book: almost none of the money described in these pages arrives automatically. The federal government does not mail you a check because you turned 65. Your state does not lower your property tax bill unless you fill out a form. Medicare does not tell you that you qualify for a program that could save you thousands of dollars a year — it waits for you to ask.

That silence is not a conspiracy. It's simply how benefit systems work in the United States: eligibility and enrollment are two separate steps, and the gap between them is where money is lost every single year. Studies referenced throughout federal and state benefit literature consistently point to the same pattern — millions of eligible seniors never enroll in programs they qualify for, not because they were denied, but because they never applied.

This guide exists to close that gap. Each chapter that follows covers one benefit, exemption, or deduction available to American seniors in 2026: what it's worth, who qualifies, and — critically — the exact step-by-step process to claim it. No chapter stops at "you may be eligible." Every chapter ends with a numbered list you can follow the same day you read it.

How to Use This Book

You don't need to read this cover to cover in one sitting. Each chapter stands on its own. If you already know your Social Security isn't taxed, skip Chapter 5. If you rent rather than own, skip the property tax chapter. Read the chapters that apply to your situation, follow the steps, and come back to the rest later.

Two symbols will guide you throughout: a shaded box marks a key takeaway worth remembering even if you skim the rest of the section, and a numbered "Step by Step" list marks the exact actions to take, in order, with the specific form number and government office involved whenever one exists.

KEY TAKEAWAY

Nothing in this book requires you to pay a fee, a "processing charge," or a stranger who calls claiming to help you enroll. Every legitimate program here is applied for directly through a government agency, free of charge.

Chapter 2 — The New \$6,000 Federal Deduction Nobody Told You About

If you take away only one thing from this entire book, make it this chapter. In July 2025, Congress passed the One Big Beautiful Bill Act (OBBBA), and buried inside a sweeping tax package was a brand-new deduction built specifically for people 65 and older. It took effect for the 2025 tax year — meaning it applies to the return you file in 2026 — and most retirees still have never heard of it.

2.1 — What It Is

The new Senior Deduction allows anyone 65 or older to deduct up to \$6,000 from their taxable income. If you're married and both you and your spouse are 65 or older, that doubles to \$12,000. This is separate from, and stacks on top of, the older "extra standard deduction" for seniors that has existed for decades (covered in Chapter 3) — so many retirees will actually be eligible for both at the same time.

What makes this deduction unusual is that it's available whether you take the standard deduction or itemize your deductions. Most tax breaks force you to choose one or the other. This one doesn't care which path you take — everyone 65 or older can claim it, within the income limits described below.

2.2 — Who Qualifies

- You must be 65 years old by December 31 of the tax year. If your 65th birthday falls on January 1 of the following year, the IRS treats you as having turned 65 on December 31 — so you still qualify a year earlier than you'd expect.
- You (and your spouse, if applicable) must have a valid Social Security number listed on the return.
- If you're married, you must file a joint return to claim the deduction — filing separately disqualifies you from it entirely.

2.3 — The Income Phase-Out

The deduction shrinks as income rises. It begins phasing out once your Modified Adjusted Gross Income (MAGI) passes \$75,000 for a single filer or \$150,000 for a married couple filing jointly. For every \$1,000 of income above that threshold, the deduction shrinks by \$60 (a 6% reduction rate). It disappears entirely at \$175,000 MAGI for single filers and \$250,000 for joint filers.

Filing Status	Full Deduction Below	Fully Phased Out At
Single	\$75,000 MAGI	\$175,000 MAGI
Married Filing Jointly (both 65+)	\$150,000 MAGI	\$250,000 MAGI

Source: IRC §70103 as added by the One Big Beautiful Bill Act (P.L. 119-21); IRS Schedule 1-A instructions; Thomson Reuters, Bipartisan Policy Center, and H&R Block coverage, 2025–2026.

2.4 — A Worked Example

A single retiree with a MAGI of \$85,000 is \$10,000 over the \$75,000 threshold. At a 6% reduction rate, that's a \$600 reduction ($\$10,000 \div \$1,000 \times \60), leaving a deduction of \$5,400 instead of the full \$6,000. She still gets meaningful relief — just not the maximum.

2.5 — Step by Step: How to Claim It

1. Confirm you (and your spouse, if married) were 65 or older by December 31 of the tax year.
2. Make sure your Social Security number is listed on the return; if married, you must file jointly to claim the deduction.
3. Locate Schedule 1-A (Additional Deductions) on your federal return — this is a new schedule created specifically for OBBBA deductions like this one.
4. Enter \$6,000 (or \$12,000 if both spouses qualify) on the appropriate line. Most major tax software will prompt for this automatically once your date of birth is entered.
5. If your MAGI is near or above the phase-out threshold, use the worksheet in the Schedule 1-A instructions — or let your tax software calculate the reduced amount for you.
6. No advance application is required. This is claimed directly on your annual tax return, not requested ahead of time from any agency.

KEY TAKEAWAY

This deduction is temporary — it applies to tax years 2025 through 2028 only, and expires after that unless Congress extends it. Use it while it's available.

2.6 — A Bonus for Investors: The 0% Capital Gains Bracket

This isn't age-specific, but it disproportionately benefits retirees because it depends on taxable income being relatively low — a common situation once paychecks stop. Long-term capital gains (from selling stocks, mutual funds, or other investments held more than a year) can be taxed at 0% if your total taxable income stays under a threshold set each year for your filing status. Many retirees living primarily on Social Security and modest withdrawals fall into this bracket without realizing it, and a poorly timed extra withdrawal can push them out of it. Check the current-year 0% capital gains threshold for your filing status before making a large one-time sale, and consider spreading a large gain across two tax years if it would otherwise push you above the line.

Chapter 3 — The Extra Standard Deduction You Might Already Qualify For

Before the OBBBA created the new \$6,000 deduction in Chapter 2, there was already a separate, older tax break built into the standard deduction itself for people 65 and older (and for people who are blind, at any age). It's easy to confuse the two, so this short chapter exists to keep them straight.

3.1 — How It's Different from the New OBBBA Deduction

- This is an addition to your standard deduction, not a separate line-item deduction — which means it is only available if you take the standard deduction rather than itemizing.
- It adds roughly \$2,000 for a single filer, or roughly \$1,600 per qualifying spouse for a married couple — confirm the exact indexed figure for the current tax year, since it adjusts slightly for inflation.
- If you are both 65+ and blind, the amounts for each condition stack, so it's possible to qualify for more than one addition at once.

Source: IRS Publication 554, Tax Guide for Seniors; Form 1040 instructions, 2025–2026.

3.2 — Step by Step: How to Claim It

1. On Form 1040, check the box indicating you (or your spouse) were born before January 2 of the following year — this is how the IRS identifies "age 65 or older" on the standard form.
2. If you or your spouse are blind, check the corresponding blindness box as well — the extra amount stacks if both apply to the same person.
3. Use the Standard Deduction Worksheet in the Form 1040 instructions, or let your tax software calculate the total automatically once the boxes are checked.
4. No separate form or application is required — this is automatic once the boxes are checked correctly.

KEY TAKEAWAY

Because this deduction requires taking the standard deduction, and the new OBBBA deduction from Chapter 2 does not, run the numbers both ways if you're on the edge of itemizing — one path may leave more money in your pocket than the other.

Chapter 4 — Two Federal Tax Credits Most Retirees Never Claim

Deductions reduce the income you're taxed on. Credits are more powerful — they reduce your tax bill dollar for dollar. Two federal credits are aimed specifically at retirees, and both are claimed by only a small fraction of the people who qualify. Neither will apply to everyone, but both are worth five minutes to check.

4.1 — Credit for the Elderly or the Disabled (Schedule R)

This credit has existed for decades and is worth between \$3,750 and \$7,500 before income-based reductions are applied — but here's the catch nobody mentions: the income thresholds that control it have not been adjusted for inflation since 1986. That means the credit phases out at income levels that were considered low even a generation ago, so in practice it mainly helps retirees with modest fixed incomes and little else coming in.

- You qualify by age if you were 65 or older by the end of the tax year, or by disability if you're under 65 but permanently and totally disabled with taxable disability income.
- You're fully phased out of the credit if your AGI reaches \$17,500 (single/head of household), \$20,000 (married filing jointly, one spouse qualifies), \$25,000 (married filing jointly, both qualify), or \$12,500 (married filing separately) — or if your nontaxable Social Security and other nontaxable income alone reach similar thresholds.
- The credit is nonrefundable — it can reduce your tax bill to zero, but it can't generate a refund beyond what you actually owe.

Source: IRS Schedule R (Form 1040) and its instructions; IRS Publication 554, Chapter 5, "Credits."

Step by Step: How to Check and Claim It

1. Confirm you meet the age or disability requirement described above.
2. Add up your AGI and your nontaxable Social Security, pensions, annuities, or disability income, and compare the totals to the thresholds above for your filing status — if either total is at or above the limit, you won't qualify, and you can stop here.
3. If you're under the limits, complete Schedule R (Form 1040) using the worksheet in its instructions, or let tax software calculate it automatically once your age and income are entered.
4. Attach Schedule R to your Form 1040 or 1040-SR when you file.
5. If you're claiming the credit based on disability rather than age, keep your physician's signed certification statement with your records — you don't file it with your return, but the IRS can request it.

4.2 — The Saver's Credit (Retirement Savings Contributions Credit)

If you're still working, even part-time, and contributing to an IRA or an employer retirement plan, this credit rewards you for it — on top of any deduction you already get for the contribution itself.

Depending on your income, it's worth 50%, 20%, or 10% of the first \$2,000 you contribute (\$4,000 for a married couple), for a maximum credit of \$1,000 per person or \$2,000 per couple.

Credit Rate	Single / MFS	Head of Household	Married Filing Jointly
50%	Up to \$24,250 AGI	Up to \$36,375 AGI	Up to \$48,500 AGI
20%–10%	Up to \$40,250 AGI	Up to \$60,375 AGI	Up to \$80,500 AGI

Source: IRC §25B; IRS Form 8880 instructions; IRS Notice on 2026 retirement plan cost-of-living adjustments.

TIME-SENSITIVE

2026 is the last year the Saver's Credit exists in its current form. Starting in 2027, it's replaced by the "Saver's Match" under SECURE 2.0 — a different mechanism where the government deposits a matching contribution directly into your retirement account instead of reducing your tax bill. If you're eligible this year, there's no reason to wait.

Step by Step: How to Claim It

1. Confirm you're 18 or older, not a full-time student, and not claimed as a dependent on someone else's return.
2. Make (or confirm you already made) an eligible contribution to a traditional or Roth IRA, 401(k), 403(b), governmental 457(b), SIMPLE IRA, SEP-IRA, or the Thrift Savings Plan during the tax year.
3. Find your credit rate in the table above based on your AGI and filing status.
4. Complete Form 8880 (Credit for Qualified Retirement Savings Contributions) and attach it to your Form 1040 — most tax software will calculate this automatically once your contribution and income are entered.
5. Watch for the "testing period" rule: if you take a distribution from the same type of account in the two years before or the year after your contribution, it can reduce the contribution amount that counts toward the credit — a detail worth flagging to your tax preparer if you've taken any retirement account withdrawals recently.

Chapter 5 — Is Your Social Security Actually Taxable?

This is one of the most misunderstood parts of the entire tax code, and the confusion costs retirees real money every year — in both directions. Some retirees pay tax on Social Security they didn't need to plan around; others get blindsided by a tax bill they never saw coming. This chapter walks through exactly how the calculation works.

5.1 — The "Combined Income" Formula

Whether your Social Security benefit is taxed at all — and how much of it — depends on a number the government calls your "combined income." It is calculated as follows:

THE FORMULA

Combined Income = Adjusted Gross Income (not counting Social Security) + Nontaxable Interest + Half of Your Annual Social Security Benefit

5.2 — The Thresholds

Filing Status	0% Taxable Below	Up to 50% Taxable	Up to 85% Taxable Above
Single / Head of Household	\$25,000	\$25,000 – \$34,000	\$34,000
Married Filing Jointly	\$32,000	\$32,000 – \$44,000	\$44,000

Source: Social Security Administration; IRS Publication 915.

Here is the detail almost nobody explains clearly: these thresholds were set by Congress in the early 1980s and 1993, and unlike almost every other number in the tax code, they have never been adjusted for inflation. That means, as Social Security's own cost-of-living adjustments raise benefit checks every year, more and more retirees cross into a taxable bracket simply from inflation catching up to a threshold frozen decades ago. This is not a 2026 change — it's a slow, permanent one, and it's why more middle-income retirees find part of their benefit taxable with each passing year.

5.3 — A Worked Example

A married couple receives \$36,000 a year in Social Security and withdraws \$24,000 from a traditional 401(k). Their combined income is \$24,000 (the 401(k) withdrawal, which counts in full) plus \$18,000 (half of their \$36,000 Social Security) — a combined income of \$42,000. That falls in the "up to 50% taxable" bracket for joint filers, so a portion (not all) of their Social Security becomes part of their taxable income. The exact dollar amount requires the worksheet in IRS Publication 915, because it is not a flat percentage of the combined income — it's the lesser of several calculated amounts.

5.4 — Step by Step: How to Check and Plan Around It

This isn't a benefit you apply for — it's a calculation you run, ideally before year-end, so you can adjust your income timing if it helps.

1. Add up your adjusted gross income (excluding Social Security itself), any tax-exempt interest, and half of your annual Social Security benefit — that total is your combined income.
2. Compare that number to the thresholds above for your filing status.
3. Use the worksheet in IRS Publication 915 (or let tax software run it) to calculate the exact taxable portion — remember, it is not simply 50% or 85% of your total benefit.
4. If you're close to a threshold, this is the moment to talk to a tax professional about timing IRA withdrawals, Roth conversions, or Qualified Charitable Distributions (see Chapter 6) across different years to avoid tipping into a higher taxable percentage.

KEY TAKEAWAY

Thirteen states also tax retirement income to some degree, and a shrinking number specifically tax Social Security. Chapter 8 covers exactly which states and what the thresholds are there.

Chapter 6 — Retirement Account Rules That Changed in 2026

Whether you're still working, semi-retired, or fully retired and taking distributions, several numbers that govern your retirement accounts changed for 2026. This chapter walks through the ones that matter most, in the order most retirees encounter them.

6.1 — If You're Still Contributing: 2026 Limits and Catch-Ups

Item	2026 Amount
401(k) / 403(b) / 457(b) base elective deferral	\$24,500
Standard catch-up (age 50+)	\$8,000
"Super catch-up" (ages 60–63 only)	\$11,250
Traditional / Roth IRA contribution limit	\$7,500
IRA catch-up (age 50+)	\$1,100
SEP-IRA limit	\$72,000

Source: IRS Notice 2025-67; IRS.gov 401(k)/IRA contribution limit announcement, 2026.

The single biggest planning wrinkle for 2026: if your prior-year FICA (Social Security) wages exceeded \$150,000, any catch-up contribution you make this year must go in as a Roth (after-tax) contribution rather than pretax. If your employer's plan doesn't currently offer a Roth option, you may not be able to make catch-up contributions at all until your plan adds one — worth checking with your HR or benefits department now rather than in December.

6.2 — If You're Taking Distributions: The RMD Rules

Required Minimum Distributions (RMDs) are the mandatory withdrawals the IRS forces on most retirement accounts once you reach a certain age. Under the SECURE 2.0 Act, that age depends on your birth year:

- Born 1951–1959: RMDs begin at age 73.
- Born 1960 or later: RMDs begin at age 75.
- The penalty for missing an RMD dropped from 50% of the missed amount to 25% — or just 10% if you correct the mistake quickly.
- Roth 401(k) accounts are no longer subject to RMDs during the original owner's lifetime, a change that brings them in line with Roth IRAs.

How to Calculate Your RMD

1. Find your account balance as of December 31 of the prior year, for each IRA or 401(k) you own separately.

2. Look up your age-based divisor in the IRS Uniform Lifetime Table (Publication 590-B, Appendix B).
3. Divide your account balance by that divisor to get your required distribution amount for the year.

6.3 — The Tax-Free Way to Take Your RMD: Qualified Charitable Distributions

If you're charitably inclined, this is one of the most underused tools in retirement tax planning. A Qualified Charitable Distribution (QCD) lets you send money directly from your IRA to a qualified charity, and that amount counts toward satisfying your RMD — without ever showing up as taxable income on your return. For 2026, the QCD limit is \$111,000 per person (a married couple can each use their own \$111,000 limit from their own IRAs, for a combined \$222,000).

1. Contact your IRA custodian before taking your distribution and ask specifically for a QCD transfer.
2. The check must go directly from the IRA to the qualified charity — if it's paid to you first and you forward it, it loses the tax-free treatment.
3. Keep the charity's written acknowledgment letter; you'll need it at tax time to document the QCD.
4. Confirm your 1099-R is coded correctly, and report the QCD on the applicable line of Form 1040 — your tax software will prompt for this once you indicate part of the distribution was a QCD.
5. Do this before December 31 of the tax year — a QCD cannot be applied retroactively to a distribution you've already taken as ordinary income.

KEY TAKEAWAY

A QCD is the only way to make a charitable gift from an IRA that both satisfies your RMD and never touches your taxable income — it's more valuable than an equivalent cash donation claimed as an itemized deduction for most retirees.

Chapter 7 — Property Tax Relief: What Your State Actually Offers

This is, dollar for dollar, the least understood and most valuable chapter in this book for homeowners. Every U.S. state offers some form of property tax relief for seniors — but almost none of it is automatic, the rules vary enormously by state and even by county, and the deadlines are unforgiving. A missed March 1st filing date can cost a full year of savings.

7.1 — The Four Structures States Use

- **Homestead Exemption** — reduces the taxable value of your home by a flat dollar amount or a percentage before the tax rate is applied. The most common form of relief.
- **Assessment Freeze** — locks your home's taxable value at the level it was when you first qualified, so your bill doesn't rise even if your home's market value doubles.
- **Circuit Breaker Credit** — an income-based credit or refund, common in states that don't offer a large flat exemption.
- **Tax Deferral** — postpones payment of some or all of your property tax, with interest, rather than reducing the amount owed. Important: this creates a debt against your home that must eventually be repaid, unlike the other three structures.

7.2 — Flagship State Examples (2026)

State	What's Available
Texas	\$140,000 standard homestead exemption + \$60,000 additional over-65 exemption (\$200,000 total school-tax exemption), plus a school-tax "ceiling" that freezes the dollar amount owed at the year you turn 65.
Illinois	Senior Citizens Assessment Freeze Homestead Exemption; income cap rising to \$75,000 for tax year 2026 (up from \$65,000); separate deferral program allows postponing up to \$7,500/year at 3% interest.
New York	Enhanced STAR for 65+ with income under roughly \$110,750 (2026); reduces school-tax assessed value by roughly \$70,700, varying by district; local Senior Citizens Exemptions can add another 20–50% reduction.
New Jersey	Senior Freeze reimburses the increase in property tax above a base year; income cap near \$150,000.
Georgia	County-based; some counties eliminate school tax entirely for seniors 62+ under a certain income threshold.
South Carolina	Additional \$50,000 homestead exemption stacked on top of the standard homestead exemption (totaling \$100,000).
Arizona	Senior Value Protection freezes assessed value for renewable 3-year periods for qualifying seniors.

Source: Deeds.com; PropertyTaxRates.org; GrantsForSeniors.org; individual state Department of Revenue and county assessor pages, 2026.

If your state isn't listed above, it still almost certainly has something — a general homestead exemption, a circuit breaker credit, or at minimum a deferral program. The step-by-step process below applies with only minor variation nearly everywhere.

7.3 — Step by Step: How to Apply (Nearly Every State)

1. Confirm the home is your primary residence and that you meet your state's minimum age (usually 65, sometimes 62 or 61 for certain programs).
2. Find your county assessor's office (or your state Department of Revenue for state-run programs) — this is almost always where you file, not the IRS or any federal agency.
3. Request the specific senior exemption, freeze, or deferral application form — most counties post it online as a downloadable PDF.
4. Gather your documents: proof of age (driver's license or birth certificate), proof of ownership (deed or tax bill), proof of residency, and, for income-based programs, your prior-year tax return or Social Security award letter.
5. Submit by the deadline. March 1 is common, but this varies by state and even by county — confirm the exact date directly with your assessor's office.
6. If approved, ask whether the program requires annual reapplication (common for income-based freezes) or is a one-time filing (common for flat homestead exemptions), and set a calendar reminder either way.
7. If your mortgage is escrowed, send the approval notice to your mortgage servicer yourself and request an escrow review — servicers don't always catch the reduction automatically.
8. Ask the assessor directly whether the exemption can be stacked with other local programs (city, county, or school-district add-ons) — this is rarely advertised and is often the single biggest missed savings opportunity.

KEY TAKEAWAY

The single most valuable thing to check, regardless of your income: whether your state offers an assessment freeze with no income cap at all. Locking in your home's value now, while you're eligible, can be worth tens of thousands of dollars over a full retirement in a fast-appreciating market.

7.4 — If You Rent, Don't Skip This Chapter

Nearly everything above assumes you own your home — but a meaningful number of states extend real property tax relief to renters too, through a mechanism usually called a "circuit breaker" credit. The logic: landlords build property tax into the rent they charge, so a state can treat a fixed percentage of your annual rent as a stand-in for property taxes paid, and refund you the difference if that amount is too high relative to your income.

State	How the Renter Credit Works
Massachusetts	Senior Circuit Breaker Credit treats 25% of annual rent as a property-tax equivalent;

State	How the Renter Credit Works
	if that exceeds 10% of income, the credit is refundable up to roughly \$2,800 — meaning you can receive money back even if you owe no state tax.
Vermont	Renter Credit based on rent and household income by county and family size; up to roughly \$2,500, among the highest maximums in the country.
Michigan	Homestead Property Tax Credit covers both homeowners and renters, up to roughly \$1,900, based on household resources.
Missouri	Property Tax Credit Claim ("Circuit Breaker") pays renters up to roughly \$750 and homeowners up to roughly \$1,100, and can be filed retroactively for up to three prior years if you never claimed it before.
Utah	Circuit Breaker Credit for residents 66+ (or blind/disabled), worth up to roughly \$1,259, covers both renters and homeowners.
Rhode Island / Wisconsin	Both offer renter-specific property tax relief credits, generally a few hundred to just over \$1,000 depending on income and household size.

Source: Rocket Mortgage, Zumper, GrantsForSeniors.org, and individual state Department of Revenue pages, 2026; Massachusetts Schedule CB / TIR 25-7.

Step by Step: How to Check for a Renter's Credit

1. Search "[your state] renter property tax credit" or "[your state] circuit breaker credit" — the program is usually run through your state's income tax return, not a separate application.
2. Even if you don't otherwise owe state income tax or normally file a return, check whether the credit is refundable in your state — several states will still send you a check if you file the right form.
3. Gather proof of rent paid for the year — a signed statement from your landlord is commonly required (for example, Missouri's Form 5674).
4. File the specific schedule or form your state uses (for example, Massachusetts's Schedule CB) alongside your state income tax return, or as a standalone claim if your state allows one.
5. If you've never filed before, ask whether your state allows retroactive claims for prior years — some states allow you to claim up to three past years you missed in a single filing.

KEY TAKEAWAY

Many renters assume property tax relief is "a homeowner thing" and never check. In states with a circuit breaker credit, that assumption alone can cost hundreds to thousands of dollars a year.

Chapter 8 — Does Your State Tax Your Retirement Income?

Where you live in retirement can be worth thousands of dollars a year, entirely separate from anything the federal government does. This chapter is a reference you'll return to if you're considering a move, or simply want to know exactly where your state stands.

8.1 — States With No Income Tax At All

These nine states do not tax any individual income — which means Social Security, pensions, and retirement account withdrawals are all untouched at the state level:

- Alaska
- Florida
- Nevada
- New Hampshire
- South Dakota
- Tennessee
- Texas
- Washington
- Wyoming

8.2 — States That Fully Exempt Most Retirement Income Despite Having an Income Tax

- Illinois — fully exempts most retirement income.
- Iowa — fully exempts retirement income for filers 55 and older.
- Mississippi — fully exempts most retirement income.
- Pennsylvania — fully exempts most retirement income.
- Michigan — completes a 3-year phase-out starting tax year 2026, exempting retirement income up to roughly \$67,610 (single) / \$135,220 (joint).

8.3 — States That Still Tax Social Security Benefits

This list has been shrinking every year as states phase out this tax. As of 2026, the states that still tax Social Security to some degree include Colorado, Connecticut, Minnesota, Montana, New Mexico, Rhode Island, Utah, and Vermont — nearly all of them with income-based exemptions, meaning many middle- and lower-income retirees in these states still owe nothing. West Virginia completed its phase-out and no longer taxes Social Security starting with the 2026 tax year.

VERIFY BEFORE YOU DECIDE

Sources vary slightly on the exact count of states taxing Social Security because several are mid-phase-out. Always verify your specific state's current rule directly with its Department of Revenue before making a decision based on this list — it changes almost every year.

8.4 — Military and Government Pensions

Most states fully exempt military retirement pay from state income tax. Many states also specifically exempt federal or state government pensions, even in states that tax private pensions and IRA withdrawals as ordinary income. If you receive a military or government pension and are considering a move, check this specifically — it's a separate rule from the general retirement-income exemptions above.

8.5 — Step by Step: How to Check Your Own State

1. Search for your state's Department of Revenue website and look for a page on "retirement income" or "pension exclusion."
2. If you're comparing states for a possible move, look up all three categories separately for each state: Social Security taxation, pension taxation, and 401(k)/IRA withdrawal taxation — they are sometimes treated differently within the same state.
3. Don't stop at income tax. Factor in property tax (Chapter 7) and sales tax too, since a state with no income tax can still have high property or sales taxes that offset the savings.

Chapter 9 — Medicare Costs: The Programs Most People Miss

Millions of Medicare beneficiaries are eligible for programs that would save them thousands of dollars a year and have never enrolled — not because they were turned down, but because they never applied. This chapter covers the three programs worth checking, in order of how much they can save you.

9.1 — Medicare Savings Programs (MSP)

Medicare Savings Programs are state-run programs, funded partly by the federal government, that pay some or all of your Medicare premiums, deductibles, and coinsurance if your income is limited. There are four:

Program	What It Pays	2026 Monthly Income Limit (approx.)
QMB (Qualified Medicare Beneficiary)	Part A and Part B premiums, deductibles, and coinsurance — the most generous program	\$1,350 individual / \$1,824 couple
SLMB (Specified Low-Income Medicare Beneficiary)	Part B premium only (about \$202.90/month, roughly \$2,434/year)	Higher than QMB — check current limit
QI (Qualifying Individual)	Part of the Part B premium; funding is federally capped and distributed first-come, first-served each year	Higher than SLMB — check current limit
QDWI (Qualified Disabled and Working Individual)	Part A premium for certain disabled individuals who lost premium-free Part A	Separate, higher limit — check current figure

Source: SSA POMS HI 00815.023; CoveredUSA, Disability Exchange, and CompareMedicare coverage, 2026. Alaska and Hawaii have higher limits due to higher federal poverty levels there.

Enrollment in any Medicare Savings Program automatically qualifies you for Extra Help (see 8.2 below) — you do not need to file a separate application for both.

Step by Step: How to Apply for a Medicare Savings Program

1. Contact your state Medicaid office directly — MSPs are federally funded but state-administered — or apply through Social Security using Form SSA-1020, which handles both Extra Help and MSP referral in a single submission.
2. On the SSA-1020, answer the Medicare Savings Program question (found in the later pages of the form) — answering yes forwards your information to your state to start the MSP process automatically.
3. Apply even if you think you're slightly over the income limit — states use different rules for counting income and assets, and a \$20 general income disregard is already built into the published limits.
4. Wait for your state to contact you; most states process an MSP application within about 45 days.

5. If approved, your Part B premium reduction typically shows up automatically in your Social Security check within one to two months.

9.2 — Extra Help (Part D Low-Income Subsidy)

Extra Help, also called the Low-Income Subsidy (LIS), reduces the cost of Medicare Part D prescription drug coverage. In 2026, the income limit is roughly \$23,475 a year for an individual and \$31,725 for a couple, with a resource (savings/investment) limit as well. Full Extra Help brings your Part D plan premium and deductible to \$0 and caps your copays at \$5.10 for generic drugs and \$12.65 for brand-name drugs. Once your out-of-pocket spending on covered drugs reaches \$2,100 in a year, every covered drug becomes free for the rest of that year.

Step by Step: How to Apply for Extra Help

1. Fastest option: apply online at ssa.gov/extrahelp using Form SSA-1020 — it takes about 15 to 20 minutes, and you can save your progress and return later.
2. Alternative: call Social Security at 1-800-772-1213 (TTY 1-800-325-0778) and apply by phone, or visit your local Social Security office in person.
3. Have your income, savings/investment, and household information ready before you start.
4. On the form, indicate that you want Social Security to forward your information to your state for an MSP review too — it's the same form, at no extra effort.
5. Social Security will mail you a decision letter. If approved, you still need to be enrolled in a Medicare Part D prescription drug plan to actually use the subsidy — check or enroll at [Medicare.gov](https://medicare.gov).
6. There is no enrollment window and no penalty for applying and being denied. Apply even if you're unsure you qualify — partial Extra Help is available just above the full-benefit limit.

9.3 — IRMAA: When Medicare Charges You More, and How to Appeal It

On the opposite end of the income scale, higher-income Medicare beneficiaries pay an Income-Related Monthly Adjustment Amount (IRMAA) — a surcharge on top of the standard Part B and Part D premiums. The catch: IRMAA is calculated using your tax return from two years earlier, which means a surcharge you're paying today may reflect income you no longer have — for example, if you've since retired, lost a spouse, or had a one-time capital gain that isn't part of your ongoing income.

Step by Step: How to Appeal an IRMAA Determination

1. Confirm the trigger: IRMAA is based on your tax return from two years prior, so a current surcharge may no longer reflect your real income.
2. Request Form SSA-44 ("Medicare Income-Related Monthly Adjustment Amount — Life-Changing Event") from ssa.gov or your local Social Security office.
3. Select the life-changing event that applies: retirement or reduced work hours, death of a spouse, divorce, loss of a pension, or one of several other qualifying events listed on the form.

4. Attach proof of the event and your current, lower income — a signed statement, a pension termination letter, or a divorce decree, for example.
5. Submit the form to Social Security by mail, fax, or in person at a local office — there is no online submission option for this particular form.
6. If your tax return hasn't caught up to your new income yet, you can request a manual recalculation using your estimated current-year income.

KEY TAKEAWAY

About 10 million Medicare beneficiaries are enrolled in a Medicare Savings Program today, but millions more are likely eligible and simply haven't applied. If you have any doubt whether you qualify, apply anyway — there's no downside to being denied.

9.4 — The Penalty That Never Goes Away: Late Enrollment

This section applies to nearly every Medicare beneficiary, regardless of income, which makes it arguably the most universally important item in this chapter. If you miss your window to sign up for Medicare Part B or Part D without a qualifying exception, the resulting penalty is added to your premium permanently — for as long as you have that coverage, not just for a year or two.

- Your Initial Enrollment Period (IEP) is a 7-month window centered on your 65th birthday: 3 months before, the month of, and 3 months after.
- Part B penalty: your premium increases 10% for every full 12-month period you were eligible but didn't enroll — and you pay that increase for as long as you have Part B. Two years late, for example, means a permanent 20% surcharge on top of the standard premium.
- Part D penalty: roughly 1% of the national base beneficiary premium for every month you went without creditable drug coverage after first becoming eligible — also permanent, and it follows you even if you switch drug plans later.
- The main exception: if you (or your spouse) are still covered by an employer group health plan through active current work when you turn 65, you can generally delay enrolling in Part B and/or Part D without a penalty, and enroll later during a Special Enrollment Period once that employer coverage ends.

Source: Medicare.gov, "Avoid Late Enrollment Penalties"; Medicare Interactive; National Council on Aging (NCOA), 2026.

Step by Step: How to Avoid It (or Fix It If It's Too Late)

1. Mark your Initial Enrollment Period on a calendar the moment you turn 63 — three months before your 65th birthday is when the window opens.
2. If you have employer coverage through current active work (yours or a spouse's) at 65, confirm with your benefits department whether that coverage counts as creditable, and get it in writing.
3. If you missed your window and don't have a qualifying exception, you can still enroll during the General Enrollment Period, January through March each year, with coverage starting soon after — but the penalty will still apply going forward.

4. In rare cases of misinformation from a government representative, you can request "equitable relief" through Social Security or CMS to have a penalty waived — it's uncommon but worth asking about if you were given wrong information at the time.
5. For any of this, call your local SHIP (State Health Insurance Assistance Program) office first — it's free, unbiased, one-on-one Medicare counseling in every state, and is the single best resource for a situation specific to you.

KEY TAKEAWAY

Search "[your state] SHIP Medicare counseling" to find your free local office. Unlike a call to a private insurance agent, a SHIP counselor has no product to sell you — their only job is to help you understand your options.

Chapter 10 — Protecting Yourself and Your Accounts

Every benefit in this book is worth claiming — but none of it matters if it's stolen from you or a parent by a scammer. This chapter covers what banks are actually watching for, the real scale of elder financial fraud, and the practical steps that prevent most of it.

10.1 — The Scale of the Problem

According to the FBI's Internet Crime Complaint Center (IC3), Americans age 60 and older lost \$7.748 billion to fraud in 2025 across more than 201,000 reported complaints — a 59% increase over the prior year. Investment scams, many involving cryptocurrency, accounted for roughly \$3.5 billion of that total, and more than 12,000 victims lost over \$100,000 each. These numbers explain why banks apply extra scrutiny to older customers' accounts — it's a documented, and growing, problem, not a hypothetical one.

Source: FBI Internet Crime Complaint Center, 2025 Annual Report; AARP coverage of FBI/FTC 2025 fraud data, 2026.

10.2 — What a Bank Is Actually Trained to Watch For

In 2022, FinCEN (the Treasury Department's financial crimes unit) issued formal guidance to banks listing specific red flags for elder financial exploitation — 12 behavioral and 12 financial indicators. None of them describe an ordinary retiree selling a personal item or receiving a family repayment. The real list includes things like:

- Frequent large withdrawals that don't match the customer's normal pattern.
- A new name suddenly added to an account, or a sudden change to account beneficiaries.
- Account statements being redirected to an unfamiliar address.
- A caregiver who won't allow the account holder to speak privately with bank staff.
- Sudden confusion about the customer's own transactions, or visible fear around a specific companion.

Source: FinCEN Advisory FIN-2022-A002, "Advisory on Elder Financial Exploitation."

Reading the actual list makes the target obvious: banks are built to catch exploitation by a stranger, a scammer, or a bad-faith caregiver — not to catch you selling a personal item or depositing a legitimate reimbursement. If your situation doesn't resemble any of the patterns above, an ordinary deposit is very unlikely to trigger real concern.

10.3 — Setting Up Protection Before You Need It

The single best time to set up account protections is before anything goes wrong — not during a crisis, when it's harder to think clearly and easier for a bad actor to interfere.

1. Ask your bank and any brokerage accounts about designating a "trusted contact" — someone the institution can reach out to if they notice unusual activity, without giving that person account access.
2. Consider a durable power of attorney, drafted with an elder law attorney, that specifies exactly what a trusted family member can and cannot do on your behalf, and under what circumstances it takes effect.
3. If you bank at more than one institution, know that under a 2001 information-sharing provision (Section 314(b) of the USA PATRIOT Act), a pattern flagged at one bank can sometimes surface at another — this is a legitimate, decades-old safe harbor, not a new surveillance rule.
4. Keep a simple habit: before any deposit that isn't your regular Social Security or pension, jot down who paid you, how much, and why. It costs thirty seconds and answers most bank or IRS questions before they're even asked.

KEY TAKEAWAY

No legitimate bank, government agency, or benefit program in this entire book will ever ask you to pay a fee, buy gift cards, or wire money to "verify," "unlock," or "process" a benefit. Anyone who asks for that is not who they claim to be.

Chapter 11 — Benefits Beyond Taxes: Food, Energy, Housing, and Veterans

Tax breaks aren't the only money on the table. This chapter covers federal and state benefit programs that specifically help seniors with everyday costs — food, utility bills, housing, and, for veterans, a benefit that's frequently worth far more than people expect.

11.1 — SNAP (Food Assistance) for Seniors

The Supplemental Nutrition Assistance Program has special, more generous rules for households with an elderly member, including a relaxed medical-expense deduction that can significantly increase the benefit amount for seniors with high medical costs. Many eligible seniors never apply, often assuming the program is only for younger families with children.

A separate, smaller program worth knowing about: the Commodity Supplemental Food Program (CSFP) provides a monthly package of nutritious food specifically to low-income adults 60 and older, distinct from SNAP and applied for through your state's aging or health department rather than the standard SNAP office.

11.2 — LIHEAP (Energy Assistance)

The Low Income Home Energy Assistance Program is federally funded but administered by each state, and helps cover heating and cooling bills. Applications typically go through your state or local Area Agency on Aging or community action agency — search "[your state] LIHEAP application" to find your local office.

The same local office often also administers the Weatherization Assistance Program (WAP), a separate federal program that pays for home energy-efficiency improvements — insulation, furnace repairs, weatherstripping — for income-eligible households, which can reduce utility bills for years rather than just one season.

11.3 — Housing Assistance

HUD's Section 8 Housing Choice Voucher program, along with HUD's Section 202 Supportive Housing for the Elderly program, both prioritize elderly households in different ways. Waitlists can be long, so applying early — even before you think you need it — is worth doing.

If you run into a landlord dispute, a benefits denial, or need help drafting a power of attorney, your local Area Agency on Aging can typically refer you to free legal aid for seniors, often through Legal Services Corporation-funded programs — a resource many retirees don't realize exists until they're already searching for a paid attorney.

11.4 — VA Pension and Aid & Attendance

This is one of the most under-claimed veterans' benefits in the country. Aid & Attendance is a supplemental payment added on top of a VA Pension for wartime-era veterans (and surviving spouses) who need help with daily activities like bathing, dressing, or eating. It often pays significantly more than families expect, and eligibility does not require a service-connected disability — only wartime service and meeting the program's income and net-worth limits.

Step by Step: How to Apply for VA Aid & Attendance

1. Confirm basic eligibility first: you must already qualify for, or be applying for, a VA Pension, which requires wartime-era service and meeting the income/net-worth limits set by Congress.
2. Obtain VA Form 21-2680 ("Examination for Housebound Status or Permanent Need for Regular Aid and Attendance") — this form must be completed by a physician, physician assistant, or nurse practitioner, not filled out by the veteran alone.
3. If the veteran or surviving spouse lives in a nursing home, also complete VA Form 21-0779 (Request for Nursing Home Information).
4. Mail both forms with supporting medical evidence to the VA Pension Intake Center (P.O. Box 5365, Janesville, WI 53547-5365), or bring them in person to a local VA regional office for hands-on help completing the application.
5. Include as much specific detail as possible on the physician's report about which daily activities the person needs help with — vague answers are the most common cause of delay or denial.
6. Expect the process to take time. A local VA regional office or an accredited Veterans Service Officer — free of charge — can help track the application and respond to any request for more evidence.

11.5 — State Utility Discount Programs

Many states and individual utility companies offer senior or low-income rate discounts on electric, gas, and water bills, usually through a short, one-page application. Check your utility bill for a customer service number and ask specifically about a "senior discount" or "low-income assistance program" — these are rarely advertised prominently.

11.6 — The Best \$80 You Can Spend: The America the Beautiful Senior Pass

This one isn't a tax break, but it belongs in this book: for a single one-time payment of \$80 (or \$20 for an annual version), any U.S. citizen or permanent resident age 62 or older gets free entry to more than 2,000 federal recreation sites for life — every national park that charges an entrance fee, plus land run by the Fish and Wildlife Service, Bureau of Land Management, U.S. Forest Service, Bureau of Reclamation, and Army Corps of Engineers. It also comes with roughly 50% off some amenity fees, like camping and boat launches, at participating sites.

- The pass covers your whole vehicle at parks that charge per-vehicle, or you plus three additional adults at parks that charge per-person.

- It is not transferable — the named passholder must be present with photo ID.
- As of 2026, you can get an instant digital version through Recreation.gov, or order a physical card through the USGS store, which can take a couple of weeks to arrive by mail.
- If you've already bought four Annual Senior Passes over the years, most participating sites will let you trade them in for a Lifetime Pass at no additional cost — ask at the entrance station.

Source: National Park Service, "Entrance Passes"; USGS Store; U.S. Department of the Interior, 2026 pricing update.

Step by Step: How to Get It

1. Confirm you're a U.S. citizen or permanent resident age 62 or older.
2. Decide between the \$20 annual pass (good for occasional visitors) or the \$80 lifetime pass (the better deal if you expect to visit more than four times total).
3. Buy it instantly online at Recreation.gov for the digital version, or through the USGS store for a mailed physical card, or in person at any participating federal recreation site.
4. Bring proof of age and residency or citizenship (a driver's license is usually sufficient) when you purchase or first use the pass.

Chapter 12 — Your Action Plan and Checklist

This final chapter ties everything together into a single plan you can act on this week, not just read and set aside.

12.1 — Find Your State's Programs

1. Search for "[your state] Department of Revenue senior property tax exemption" to find your state's property tax relief programs (Chapter 7).
2. Search for "[your state] Department of Revenue retirement income tax" to confirm exactly how your state treats Social Security, pensions, and withdrawals (Chapter 8).
3. Search for "[your county] assessor senior exemption" to find your specific county's application form and deadline.
4. Search for "[your state] Area Agency on Aging" to find a single local office that can often point you toward multiple state and county benefit programs at once, including SNAP, LIHEAP, and housing assistance.

12.2 — Deadline Calendar

Program	Typical Deadline
Property tax exemption / freeze applications	Commonly March 1, but varies by state and county — confirm locally
Federal tax return (to claim Chapters 2–4 deductions)	Typically April 15, unless extended
Medicare Savings Programs / Extra Help	No deadline — apply any time during the year
Annual reapplication for income-based property tax freezes	Varies — often tied to the original application anniversary

12.3 — Documentation Checklist

Keep these documents in one folder, physical or digital, so you're never scrambling when a form or a letter arrives:

- Proof of age (driver's license, passport, or birth certificate).
- Proof of residency and homeownership (deed, mortgage statement, or property tax bill).
- Prior-year tax return.
- Social Security benefit award letter (available at [ssa.gov](https://www.ssa.gov)).
- 1099-R forms for any pension or retirement account distribution.
- Receipts, sale confirmations, or written notes for any one-time deposit that isn't your regular income — a habit that costs seconds and can save weeks of hassle if a question ever comes up.

12.4 — Common Mistakes to Avoid

- Not reapplying annually for income-based programs that require yearly renewal.
- Not checking whether multiple programs can be stacked — many state property tax programs can be combined with local city or county add-ons.
- Not checking for local programs beyond the state level — counties and municipalities sometimes offer additional senior relief that isn't listed on any state website.
- Assuming a program doesn't apply because of a rumor or an old article — tax and benefit rules change yearly, so always confirm the current-year number directly with the relevant agency.
- Waiting until a letter arrives to start organizing documentation, instead of keeping it ready in advance.

FINAL TAKEAWAY

None of the benefits in this book require you to act alone. Every chapter names a specific, free government office or program — your state Department of Revenue, your county assessor, Social Security, or the VA — that exists specifically to help you apply.

This guide reflects rules current as of 2026. Tax and benefit programs change every year — when in doubt, confirm directly with the agency named in each chapter, or consult a licensed CPA, enrolled agent, or elder law attorney familiar with your specific situation.