

## PROPERTY TAX DEFERRAL GUIDELINES FOR SENIORS



41A Persons 65 or older with an income limit set by the City/Town (with some limits higher than \$49,000) are entitled to apply for a deferral on their town property tax under the following circumstances:

Applicant must own\* and occupy the home currently and for the past five years; Applicant must have been a resident of Massachusetts for at least the ten preceding years.

If your financial circumstances leave you with few options, upon application and acceptance of the City/Town Board of Assessors, deferral of one's property tax may be obtained for the year. You can specify whether you want to defer all or part of the tax due.

You can apply for property tax deferral each year as needed, as long as the outstanding balance, plus interest, does not exceed 50% of your home's assessed value.

The deferral becomes a lien and is recorded on one's deed. There is an interest charge, set by Town meeting or City Council, which cannot be higher than 8%.

### Important Notes:

If the words "lien" and "interest rate" frighten you – as they do many seniors – be assured that if your financial circumstances change and your cash flow becomes more favorable, you can pay off the debt and remove the lien at any time without penalty. Otherwise, the City/Town will recover the amount of property taxes you deferred, plus interest, at the time the property is sold or inherited.

This is a fair and helpful way to stretch your property tax dollars. A "reverse mortgage" has high fees, credit cards charge interest rates in excess of 8% (much higher if you are late), and home equity lines of credit require ongoing monthly payments.

If you worry that your children's inheritance may be lost, remember that property taxes plus interest cannot total over 50% of value. If you want to protect the value of your property as an inheritance, perhaps your children might be willing to help pay your property taxes.

See [www.mcoaonline.com](http://www.mcoaonline.com), at Consumer Corner.