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Honorable Jim Runestad, Chair
Senate Committee on Finance
Michigan State Senate
PO Box 30036
Lansing, MI 48909-7536

Greetings Members of the Senate Committee on Finance:

Michigan State Employee Retirees Association, a non-profit organization devoted exclusively to issues and concerns of all current and future retirees of the State of Michigan, **supports SB 467** that would adjust and then index the amount that seniors reaching age 67 could deduct from taxable income. Thank you for taking up this bill.

It is a fact of life for retirees that our sources of most income are rather fixed. We live on Social Security that has a yearly cost-of-living adjustment based on the market basket of expenditures by working people, fixed pensions if we have one, and savings from our working years. For state employee retirees, 85 percent of us have hit the statutorily established annual supplement cap of \$300 a year set in 1987 on our pensions.

We welcome the recognition in SB 467 that an index is needed to adjust the deduction amount facing retirees on their tax returns. We would suggest that the bill reference the Consumer Price Index for the Elderly specifically because it better reflects seniors' higher health care costs not covered by insurance or Medicare. Medicare Trustees say that 25% of Medicare recipients' expenditures are on out-of-pocket medical costs.

Again, thank you for being concerned about the static nature of the senior deduction and fashioning a policy to address it.

Thank you for the opportunity to comment.

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