



Newton's Tax Deferral Program for Older Residents

How Property Tax Deferral Programs Work

Many retirees own a home that is worth more than their retirement nest-egg. So tapping the value of one's home can be an effective way to increase income in retirement. But tapping home equity is often expensive and difficult: *downsizing* requires selling your home, buying a new home, and moving. *Reverse mortgages* allow you to borrow against the value of your home while you live in it, but can be difficult to understand, have up-front fees, and involve a complicated application process.

For people who want to tap home equity, property tax deferral programs (offered in more than a dozen states) provide a simple and relatively cheap option. These programs:

- allow homeowners to delay paying their property taxes until their home is sold, transferred to a trust, the home-owners die, or until they choose to pay off the deferral;
- can never force the homeowner to move or sell their property;
- charge interest on taxes that are delayed;
- require a simple application process and have no application or servicing fees; and
- give most homeowners the option to leave some of their home value to their kids.

Newton's Property Tax Deferral Program

The City of Newton offers a property tax deferral program. To be eligible, homeowners:

- must be 65 years or older as of July 1, 2019
- must have primary residence in Massachusetts for ten years;
- have owned a home in MA for at least 5 years;
- must have occupied the property as of July 1, 2019
- have a total gross income not in excess of \$86,000 in income.

Eligible homeowners can defer all or part of their property taxes, one year at a time.

Taxes that are deferred will accrue interest per year until paid. The interest rate varies from year to year. The fiscal year 2019 interest rate is 3.0%. This is based on the Federal Reserve Discount Rate as of June 30th, 2019.

*Newton uses the Federal Discount Rate, which can vary from year to year. In addition, property owners who are eligible to defer their taxes are still responsible for the Community Preservation Act (CPA) surcharge, which is 1% of the tax bill each year. Although qualifying applicants may be eligible to defer all their taxes, they must still pay the CPA surcharge.

*Prior to applying for a tax deferral, property owners who have mortgages that have not yet been paid in full, must check with the mortgage holder to make sure the mortgage holder's representative will sign the required paperwork agreeing to the property owners' tax deferral.

City of Newton



Ruthanne Fuller
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How to Apply

- **In person:** Visit the Assessor's office in City Hall, Room 111, 1000 Commonwealth Ave.
- **By mail:** Download and fill out a Tax Deferral Form from the city's website:

www.newtonma.gov/gov/assessor/programs.asp

Direct link: www.newtonma.gov/civicax/filebank/documents/24266

The required deferral application must be received in the assessor's office no later than the close of business on or before April 1, 2020.

Questions? Email: assessing@newtonma.gov **Call:** 617-796-1160 **or Visit:** Room 111 City Hall, 1000 Commonwealth Ave., Newton, MA 02459

If you would like to discuss your situation and other services and opportunities for seniors please call and make an appointment with a case manager, Emily Kuhl at 617-796-1660 or any social worker at Newton HHS 617-796-1420.