



Testimony of Catherine Taylor, AARP Rhode Island
In support of House Bill 7588
House Finance Committee
April 25, 2024

Chairman Abney and members of the House Finance Committee:

On behalf of AARP- RI and our over 125,000+ members in Rhode Island we are in support of House Bill 7588 that would protect the Social Security benefits of older Rhode Islanders, helping them keep the benefits they have earned over a lifetime of hard work.

Assuring that our members are financially secure in retirement is a key component of our advocacy. Rhode Island is one of only 9 states that still tax hard-earned Social Security benefits. State taxes on Social Security benefits in Rhode Island undermines the purpose of Social Security, which was designed to lift seniors out of poverty – not to fund state government.

More than one in five Rhode Island residents—230,018 people—receives Social Security benefits. Annual Social Security benefits to Rhode Islanders pump at least \$4 billion into the state economy, with \$3 billion paid annually to those receiving retirement benefits and their eligible family members, \$400 million via survivors' benefits, and an additional \$600 million paid through the disability program. Recipients buy goods and services with their Social Security benefits, increasing business sales—which help not only the companies making those sales but also the firms that supply them. The result is more jobs and income to businesses and workers in Rhode Island.

In Fall of 2023, AARP RI surveyed 700 Rhode Islanders age 45 and over about Financial and Retirement issues. When asked, the majority (89%) of residents say they agree that "Rhode Island lawmakers should repeal the state tax on Social Security." This sentiment is consistent regardless of age, gender, or political party.

Out of the 29% of Rhode Island residents age 45+ who have considered living in another state for retirement, or are still unsure about it, nearly three in five say they are more likely to stay in Rhode Island if the Social Security income tax is eliminated. In addition, the majority of Rhode Island adults age 45+ say it is extremely or very important to have adequate Social Security benefits available in the future (91%). Over half (55%) of Rhode Island adults believe Social Security will be a major part of or their only source of their retirement income.¹

¹ <https://www.aarp.org/content/dam/aarp/ppi/2022/social-security-quick-facts/rhode-island.doi.10.26419-2Fppi.00165.041.pdf>

With so many Americans struggling to afford health care and other basic needs, the promise of Social Security is more important than ever. AARP will never stop fighting to protect Social Security and make sure hard-working Rhode Islanders get the benefits they have earned.

Thank you for allowing me to testify on this important piece of legislation. AARP Rhode Island asks that you recommend passage on House Bill 7588.

Have a great evening.

A handwritten signature in black ink, appearing to read "Catherine Taylor". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Sincerely,

Catherine Taylor

State Director, AARP Rhode Island

Fact Sheet: Rhode Island (2022)

Social Security Quick Facts

Joel Eskovitz, Jim Palmieri
AARP Public Policy Institute

Who Receives Benefits

- **Retirement benefits:** The largest group of beneficiaries in Rhode Island are its 164,439 retired workers, who account for 71.5 percent of all Social Security beneficiaries in the state.¹
- **Disability benefits:** Rhode Island has 34,539 residents who receive Social Security disability income, representing 15 percent of the state's Social Security beneficiaries.²
- **Spousal and survivor benefits:** In Rhode Island, 16,436 spouses, former spouses, widows, widowers, and parents of deceased beneficiaries³ account for 7.1 percent of the state's Social Security beneficiaries.⁴ An additional 14,604 children, representing 6.3 percent of the state's Social Security beneficiaries, receive benefits.⁵

Impact

- **Economic engine.** Annual Social Security benefits to Rhode Islanders pump at least \$4 billion into the state economy, with \$3 billion paid annually to those receiving retirement benefits and their eligible family members, \$400 million via survivors benefits, and an additional \$600 million paid through the disability program.⁶ Recipients buy goods and services with their Social Security benefits, increasing business sales—which help not only the companies making those sales but also the firms that supply them. The result is more jobs and income to businesses and workers in Rhode Island.
- **Reduced poverty.** Social Security lifted 50,000 Rhode Islanders 65 or older out of poverty from 2018 through 2020. In fact, 34.2 percent of the state's residents in this age group would be in poverty but for Social Security benefits; that number falls to 8.1 percent when Social Security income is included. Nationally, the program lifted 16.1 million people 65 and older out of poverty, reducing the proportion below the poverty line from 37.8 percent to 9 percent.⁷

More than one in five Rhode Island residents—230,018 people—receives Social Security benefits. These payments inject more than \$4 billion into the state's economy every year.

Average Benefits

- **Retirement benefits:** In Rhode Island, the average Social Security retired worker benefit is \$1,587 per month (about \$19,000 annually). The national average monthly retirement benefit is \$1,544.⁸
- **Disability benefits:** In Rhode Island, the average Social Security disabled worker benefit is \$1,260 per month (about \$15,100 annually). The national average monthly disabled worker benefit is \$1,277.⁹

Reliance

- **At least half of income.** 73,471 Rhode Island residents, or 39 percent of individuals 65 and older, live in families that rely on the program for at least half of their income.
- **More than 90% of income.** 32,925 Rhode Island residents, or 17 percent of individuals 65 and older, live in families that rely on the program for at least 90 percent of their income.
- **Black individuals rely more on Social Security income.** Overall, 43 percent of Black Rhode Island residents 65 and older live in families that rely on Social for at least 90 percent of their income as compared with 15 percent of white residents.

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- 1 OASDI Beneficiaries by State and County, 2020. Social Security Administration: https://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2020/table02.html.
 - 2 OASDI Beneficiaries by State and County, 2020. Social Security Administration: https://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2020/table02.html.
 - 3 In certain circumstances where parents are dependent on their children for at least half of their income, the parents can receive parent's benefits.
 - 4 OASDI Beneficiaries by State and County, 2020. Social Security Administration: https://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2020/table02.html.
 - 5 OASDI Beneficiaries by State and County, 2020. Social Security Administration: https://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2020/table02.html.
 - 6 OASDI Estimated Total Benefits Paid, 2020, Social Security Administration: <https://www.ssa.gov/policy/docs/statcomps/supplement/2021/5j.html#table5.i1>.
 - 7 Social Security Lifts More People Above the Poverty Line Than Any Other Program. <https://www.cbpp.org/research/social-security/social-security-lifts-more-people-above-the-poverty-line-than-any-other#:~:text=Social%20Security%20benefits%20play%20a,Current%20Population%20Survey>.
 - 8 OASDI Number and Total Monthly Benefits for Beneficiaries, age 65 or older, 2020: <https://www.ssa.gov/policy/docs/statcomps/supplement/2021/5j.html#table5.i6>.
 - 9 OASDI Number and Total Monthly Benefits for Beneficiaries, age 65 or older, 2020: <https://www.ssa.gov/policy/docs/statcomps/supplement/2021/5j.html#table5.i8>.

Fact Sheet 1422602, July 2022

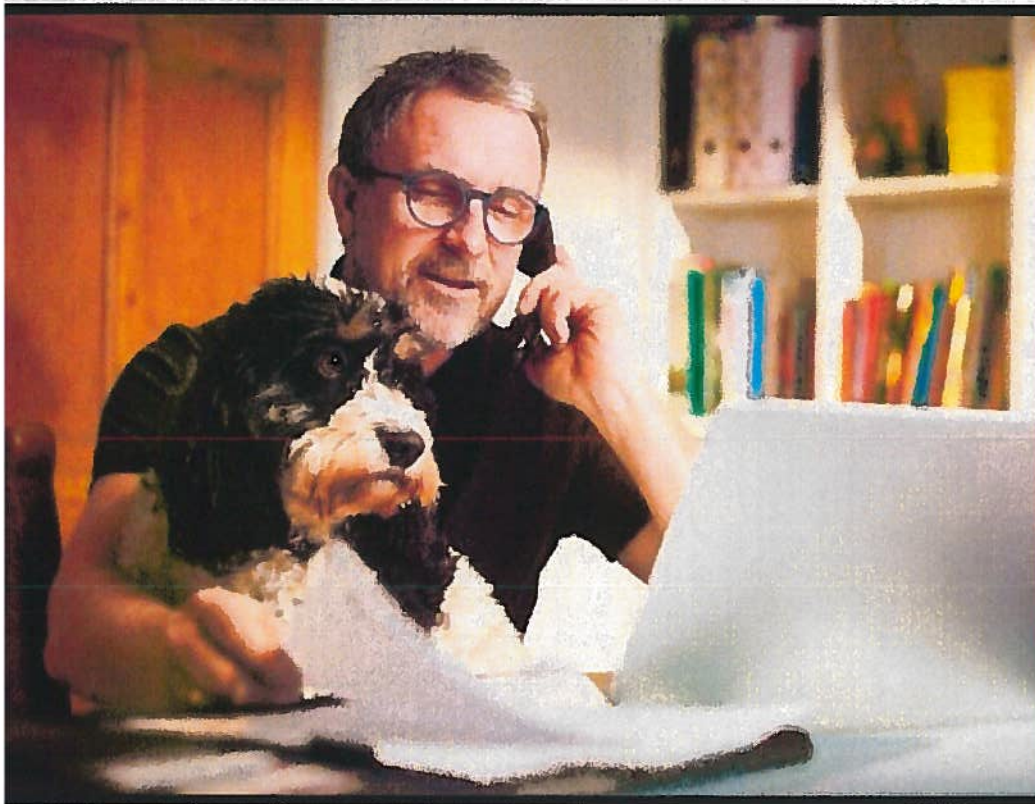
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<https://doi.org/10.26419/ppi.00165.041>





VITAL VOICES

Financial and Retirement Issues That Impact Rhode Island Adults Age 45 and Older, November 2023

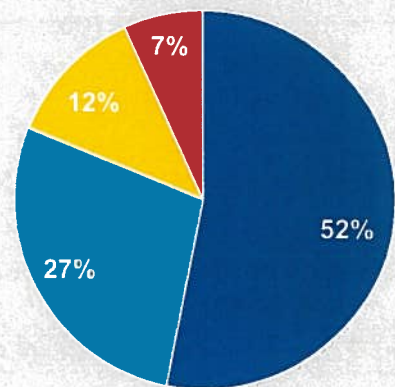
Eliminating state taxes on Social Security may convince older adults to stay in Rhode Island.

Most Rhode Island adults age 45+ (64%) know that Rhode Island is one of 13 states that adds taxes on Social Security benefits in addition to what the Federal government taxes. When asked, the majority (89%) of residents say they agree that “*Rhode Island lawmakers should repeal the state tax on Social Security.*” This sentiment is consistent regardless of age, gender, or political party.

The majority (91%) of Rhode Island adults also think it is at important to eliminate the state taxation of Social Security income, with over half (52%) saying it is *extremely important*.

Among the 29% of Rhode Island residents age 45+ who have considered living in another state for retirement, or are still unsure about it, nearly three in five say they are more likely to stay in Rhode Island if the Social Security income tax is eliminated (25% much more likely and 34% somewhat more likely).

2023 Importance of Eliminating RI Social Security Taxation



- Extremely important
- Very important
- Somewhat important
- Not very important/ not important at all

“Please indicate how important each is to you, personally.”
(n=700 total respondents)

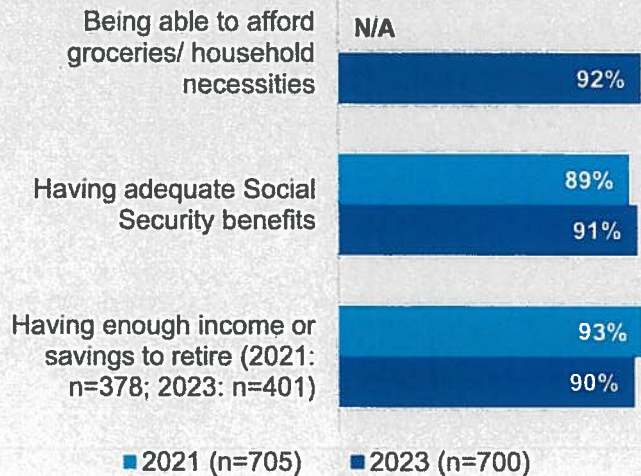
Social Security and financial stability are highly important issues for Rhode Island residents age 45+.

The majority of Rhode Island adults age 45+ say it is extremely or very important to have adequate Social Security benefits available in the future (91%).

Furthermore, over half (55%) of Rhode Island adults believe Social Security will be a major part of – or their only source of – their retirement income. Those in the workforce say it is extremely or very important to have enough income or savings to retire (90%).

Immediate needs are also top of mind, with nine in ten (92%) Rhode Island adults age 45+ saying being able to afford groceries and other household necessities is extremely or very important.

Financial Security Issues of Importance

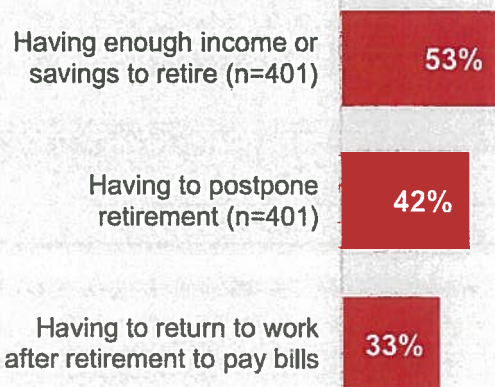


"Please indicate how important each is to you, personally."
% "extremely important" or "very important"

One in five (22%) Rhode Island residents age 45+ feel less prepared for retirement compared to others their age.



2023 Retirement Concerns



"How concerned are you about the following?"
% "extremely concerned" or "very concerned"
(n=700 total respondents)

One in three Rhode Island adults are concerned about having to return to work after retirement to pay their bills.

Half (53%) of working Rhode Island adults age 45+ report being extremely or very concerned about having enough income or savings to retire, and another two in five (42%) say they are concerned about having to postpone retirement.

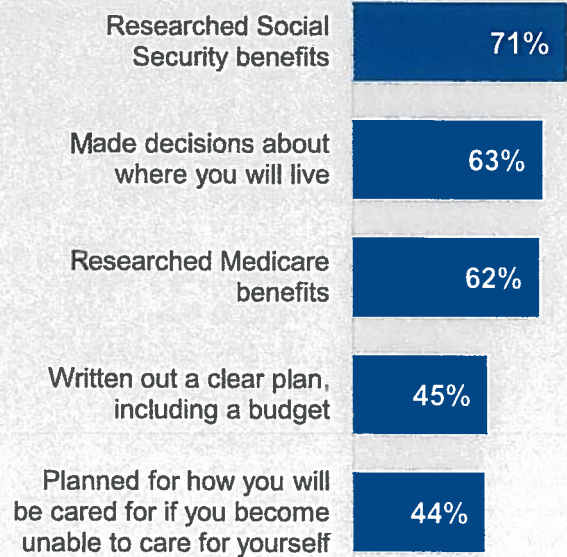
Half (52%) of all residents age 45+ are at least somewhat concerned they will have to return to work after retirement because they are unable to pay their bills. This concern is much higher among adults age 45-64 (44%) compared to adults age 65+ (14%), suggesting confidence in retirement income sources is lower among the younger cohort.

Younger Rhode Island adults (age 45-64) are less likely than those age 65+ to have prepared for retirement.

While seven in ten (71%) Rhode Island residents age 45+ have researched Social Security benefits in preparation for retirement, they are less likely to have made decisions about where they will live in retirement (63%) or researched Medicare benefits (62%). Even fewer Rhode Island adults age 45+ have written out a clear plan, including a budget, for their retirement years (45%) or planned for how they will be cared for should they become sick, disabled, or unable to care for themselves (44%).

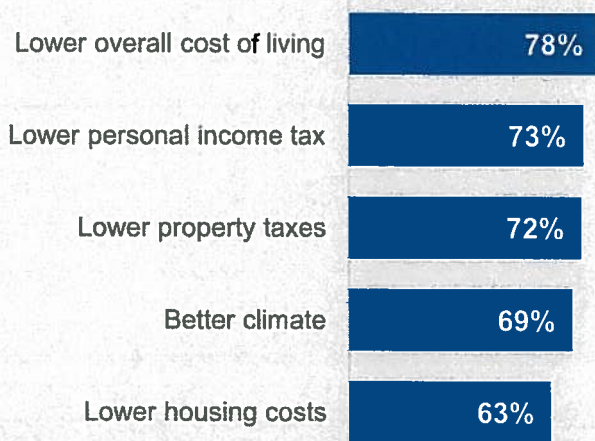
Older adults (age 65+) are significantly more likely than those age 45-49 and 50-64 to have prepared for retirement in each of these ways, suggesting that Rhode Island residents are waiting until much closer to retirement to begin any planning.

2023 Retirement Preparation



*"For each of the following ways to prepare for your retirement years, have you/had you...?" % "have"
(n=700 total respondents)*

2023 Reasons for Moving Out of Rhode Island During Retirement



*"What are your reasons for wanting to live somewhere else in retirement?" % "yes"
(n=121 respondents who don't plan to live in RI full-time in retirement)*

While many residents age 45+ plan to live in the state full-time during retirement, those who plan to leave cite financial reasons.

Seven in ten (71%) Rhode Island residents age 45+ plan to live in the state full-time during retirement, and another 10% plan to live in the state part-time during those years. However, nearly one in five (19%) are either unsure of where they will live or plan to move elsewhere.

Of those adults age 45+ who plan to move elsewhere (at least part-time), many cited wanting to move for financial reasons: At least seven in ten say they want to move for a lower cost of living (78%), lower personal income taxes (73%), and lower property taxes (72%). Looking for lower housing costs are also a common reason for leaving the state (63%).

Interviews were conducted with 700 residents of Rhode Island age 45+ by landline (35%), cell phone (32%), online (27%), and text-to-web (7%) between October 9, 2023 and November 6, 2023.



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