

From

Susan E. Gibbons

Individual Taxpayer Widow Age 64

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Comments on Aspects of tax system that are unfair and how the tax code distorts my personal decisions.

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM
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Susan E. Gibbons

1-Aspects of the tax system that are unfair.

As a fairly new widow I am discovering how unfair the tax brackets are based on marital status.

I am taxed as a single individual and the bracket is higher than taxes for a joint return with the identical taxable income.

Some would say this accounts for the living expenses of two people who need more income to live on.

I say the living adjustments are accounted for in the exemptions and deductions taken to reach the taxable income.

The ceiling on medical deductions is also biased against individuals. The couple with the same income as a single can combine the medical deductions and qualify for a deduction where the individual may not make a deduction at all.

My real estate taxes are no less for one than they are for two in identical homes. I pay the same for groceries and gasoline, for utilities to light and heat my home, and the homeowners insurance. The auto insurance rates are the same...and in fact multiple car owners get a discount. The ownership of multiple cars is a choice and not all couples need two cars, or 3 cars.

It seems to me, that once the exemptions are taken and the deductions are taken, including write offs for environmentally friendly autos, and taxable income is determined, the tax should be equal.

Clearly, the individual taxpayer is subsidizing the joint filers of whom only one may be earning income.

It also is unconscionable to be taxed on my social security income. Having paid into the fund for 45 years my husband expected to receive his benefits the way all those who preceded him did. Tax exempt.

2-How the tax code distorts my personal decisions.

Because I am in a higher tax bracket as a widow, and pay taxes on my social security, I am not taking withdrawals from my private IRA until the mandatory time to do so. I did take a withdrawal and the taxes were so punitive that I had to take extra over and above what I needed and to continue this would deplete the IRA very quickly.

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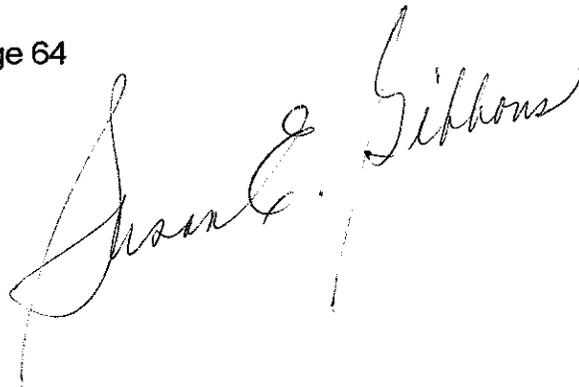
If I live on my beneficiary pension, and the social security, my taxes are still high...the social security income of 12000 is fully consumed by the real estate tax and the federal income tax.

This leaves the net pension to live on. This has really limited my lifestyle especially my medical choices because I am not yet on Medicare and 20 percent of my medical bills are out of pocket. This comes to thousands of dollars. I have indeed made the choice to delay needed surgery. My ability to help 2 grandsons with college expenses is non existent. As for taking a vacation, that is out of the question.

Losing my husband so early in his retirement was painful enough, to be taxed at a higher rate because I am now "single" is pouring salt on a bleeding wound.

Sincerely,

Susan Gibbons, Widow, age 64
520 Fairhurst Road
Fairless Hills, PA, 19030

A handwritten signature in cursive script that reads "Susan Gibbons". The signature is written in black ink and is positioned to the right of the typed name and address.