

## **In Session: To receive that 'stimulus' check, do more than assume**

**By John Hopkins, Chico Enterprise-Record (California)**

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Hopefully, all of you who are required to file 2007 income taxes have done so. The April 15 deadline has come and gone, and your "stimulus" refund depends on it.

Most taxpayers have met the deadline, and should automatically receive the refund. Unfortunately, there are probably millions of people eligible to receive the refund who may not. Certain retirees such as low-wage earners and disabled veterans who do not normally file income tax returns will not automatically qualify to receive the payments. It is important these individuals follow certain procedures to qualify.

All of you who have friends or family who may not qualify can help them by alerting them to the IRS outlines. Eligibility rules may be found on the Web site IRS.com, which is the best source.

Generally, people who have at least \$3,000 from Social Security, Railroad Retirement and Veterans Affairs, or a combination of income from these benefits, are eligible. But it is necessary for them to file a form 1040A and provide a few details.

The "stimulus" check is not automatic. If you are in this category, you must file the 1040A form. Remember, these are people who have not filed 2007 tax returns.

In this battered economy, it is easy to overlook things that affect incomes and buying power. One of these is the Federal Poverty Guidelines. How many people know what these levels are, and how they change periodically?

The federal poverty guideline for a single person in 2007 was an annual income of \$10,210, and for an older couple it was \$13,000. According to the **Elder Index** calculations at the county level, a basic annual cost of living for a retired older adult with good health in rental housing in California averages \$21,011, and reaches \$27,550 in San Mateo County, for example.

For an older couple the average is \$30,472 and reaches \$37,263 in San Mateo County. These figures are from UCLA Center for Health Policy Research, dated February 2008. It appears the federal measure of poverty is based on an outdated approach. It was originally designed by Mollie Orshansky, an economist at the Social Security Administration, based on consumption surveys of the 1950s and assumed in the early 1960s. This approach was paired with the Department of Agriculture's economy food plan, which was designed for the lowest possible food spending, to create a poverty-level value.

The actual figure for Butte County is \$19,512. Butte County is number 22 of 58 counties in California. This figure reflects the poverty level of a single renter in good health last year.

This figure is from the California **Elder Economic Security** Index, which may be found in the February issue of UCLA Center for Health Policy Research publication.

Now, the level is increased by general Consumer Price Index, which does not accurately reflect the spending patterns of older adults.

Many programs base eligibility on a simplified version of this measure, which is aptly named the Federal Poverty Level, or FPL. It retains the obsolete assumption that food accounts for one-third of a family's budget, and is often misused as a measure of income adequacy.

There are many studies in progress that take into account actual costs for housing, food, transportation, out-of-pocket medical expenses and other necessary spending. The FPL does not take into account that different counties and states have different food costs, housing and other varied costs of living.

There is much more to all this and I'll reserve it for another column.

This is a lot of information to absorb, but this kind of material is becoming more and more relevant as economic problems develop.

As senior citizens, I hope we can continue to keep abreast of developments that affect our lives. It is never easy to try to solve the problems facing our senior population, and all citizens.

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