

# VERMONT PURE FINANCIAL, INC.

February 17, 2019

Members of the Vermont House Ways and Means Committee:

I'm writing to follow up my November 8<sup>th</sup>, 2018 letter to the committee regarding the changes in the Vermont Tax Law that was passed in the spring of 2018 to be effective for the 2018 tax year. Specifically, I am concerned by the impact of the changes on Vermonters with substantial medical expenses, particularly in end of life care and high cost acute care. I understand that your committee is taking up this issue on Tuesday February 19<sup>th</sup>. My hope is that you will have a chance to review my letter as part of your consideration of this matter.

I am of the 6<sup>th</sup> Generation of my family to grow up on our farm property in Pittsford, Vermont. I love this State. I have 35 years of experience as a CPA and nearly as many years advising clients on overall financial planning matters. I am deeply grateful to work with clients with very modest means as well as tremendous wealth.

The constituency most egregiously impacted by the elimination of the medical deduction is those in the middle, neither poor nor wealthy. These are people who have followed the rules. They have worked hard. They have achieved a level of financial security through prudent planning. They have made choices to save for a rainy day as opposed to accumulating stuff.

That rainy day has come. They have incurred significant medical costs such as:

- Extensive cognitive care cost for a spouse due to early onset of dementia,

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- In home care costs for the end of life, and
- Residential mental health facility costs for adolescent struggling with depression.

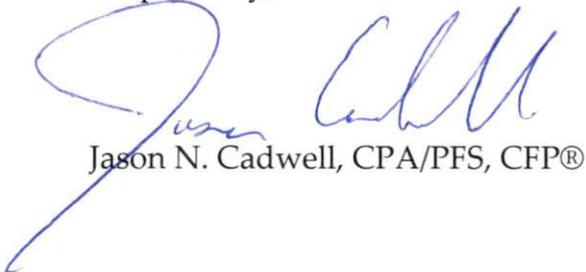
These are 3 real situations that are impacting Vermonters in my small practice. Likely, their predicament could be better characterized as a perfect storm given that these costs are not covered by medical insurance and their resources disqualify them for public benefits.

The Vermont Tax Changes, as enacted, effectively subject these individuals to a tax increase exceeding \$10,000 in some cases.

I understand that the legislature is under tremendous pressure to increase tax revenues. However, to increase the tax burden on a segment of the population at their most vulnerable would seem to be contrary to any standard of fairness. It also sends a message contrary to Vermont values of self-reliance and prudence. If the current tax structure prevails, Vermonters would be better off wasting away assets or otherwise turning toward public programs for their care rather than providing for their own needs.

I would hope the legislature would consider making accommodations in the tax law for the deduction of medical expenses.

Respectfully,



Jason N. Cadwell, CPA/PFS, CFP®