**STATE TAX TREATMENT**

### States With No Personal Income Taxes

- ALASKA
- FLORIDA
- NEVADA
- NEW HAMPSHIRE
- SOUTH DAKOTA
- TENNESSEE
- TEXAS
- WASHINGTON
- WYOMING

1. New Hampshire: Taxes interest/dividend income at 5% if it exceeds $2,400 (single) or $4,800 (couple). $1,200 exemption for residents age 65+.

2. Tennessee: Taxes certain interest/dividend income at 6% if it exceeds $1,250 (single) or $2,500 (joint filer). Individuals age 65+ have additional means-based exemption (see p. 41).

### States Exempting Total Amount of Civil Service Annuities*

- ALABAMA
- HAWAII
- ILLINOIS
- KANSAS
- LOUISIANA
- MASSACHUSETTS
- MISSISSIPPI
- NEW YORK
- PENNSYLVANIA

* In addition, the five states listed below exempt certain federal civil service annuities from taxation. Some exemptions depend on the taxpayer’s age or dates of government service.

**KENTUCKY:** Amount attributable to service prior to Jan. 1, 1998, is exempt. See below for taxation of annuities attributable to service on or after Jan. 1, 1998.

**MICHIGAN:** Full exemption only applicable to taxpayers born before 1946. See below for taxation of federal (and other) pension income for taxpayers born in 1946 and later.

**NORTH CAROLINA:** Annuities not taxed if the individual had five years of government service as of Aug. 12, 1989. If otherwise, see p. 40.

**OKLAHOMA:** CSRS annuities excluded from taxation. Taxpayers with annuities with both FERS and CSRS components may exclude the portion attributable to CSRS service.

Other Exemptions

**ALABAMA**: SS, federal retirement, military retirement and state pension income are exempt. Income from all defined-benefit pension plans is exempt.

**ARIZONA**: SS is exempt. Up to $2,500 total of military, civil service, and Arizona state and local government pensions are exempt. Additional personal exemption for all residents age 65+.

**ARKANSAS**: SS is exempt. Exempts up to $6,000 in federal retirement, military, in-state and out-of-state state or local government and private pension income. IRA distributions can be included as part of the exemption if the taxpayer is age 59½+. Out-of-state government pensions also qualify for the exemption.

**CALIFORNIA**: SS is exempt. Additional $111 personal exemption for residents age 65+. All private, public and military pensions are taxed.

**COLORADO**: $24,000 pension/annuity exemption for all taxpayers age 65+. $20,000 pension/annuity exemption for all taxpayers between the ages of 55 and 64. Exemption applies to SS and other qualifying retirement income (including federal civil service annuities, military retirement and all out-of-state pensions).

**CONNECTICUT**: SS is exempt if federal AGI is $50,000 or less (if single) and for MFJ with AGI of $60,000 or less. Beginning in tax year 2015, exempts 100% of federally taxable military retirement pay. All out-of-state government and federal civil service pensions are fully taxed.

**DELAWARE**: SS is exempt. Taxpayers age 60+ may exclude $12,500 of investment and qualified pension income (including federal civilian, military and out-of-state government pensions) and qualify for an additional tax credit of $110. Taxpayers under age 60 may exclude $2,000. Taxpayers age 65+ are entitled to an additional standard deduction of $2,500 (if not itemizing). Single or MFS taxpayers age 60+ as of Dec. 31, 2015, or totally disabled, may exclude $2,000 if earned income is less than $2,500 and AGI is $10,000 or less. If MFJ and both spouses are age 60+ as of Dec. 31, 2015, or totally disabled, may exclude $4,000 if earned income is less than $5,000 and AGI is $20,000 or less.

**DISTRICT OF COLUMBIA**: SS is exempt. For taxpayers age 62+, DC or federal government survivor benefits are exempt. The $3,000 exclusion for taxpayers age 62+ of military, federal and DC government pensions has been repealed as of tax year 2015. State government and public pensions are taxed. Extra personal exemption on income tax.

**GEORGIA**: SS is exempt. Taxpayers who are age 62-64, or permanently and totally disabled regardless of age, may exclude $35,000 of retirement income. For taxpayers age 65+, the retirement income tax exclusion is $65,000. Retirement income includes income from pensions and annuities, interest income, dividend income, net income from rental property, capital gains income and income from royalties. Up to $4,000 of the maximum allowable exclusion may be earned income.

**HAWAII**: SS is exempt. Federal retirement, military retirement, state or county retirement system pension income, and qualifying distributions from employer-funded pensions are exempt. Out-of-state government pensions are exempt. Additional personal exemption of $1,144 per person age 65+.

**IDAHO**: SS is exempt. Retirement benefits deduction available for CSRS annuitants who established CSRS eligibility prior to 1984, who are age 65+, or 62+ and disabled, in the amount of...
or $12,000 (if MFJ) of pension or an-
may exclude up to $6,000 (if single)
tax year 2015, military retirement
38
annual retirement annui-
ties attributable to service prior to Jan-
uary 1, 1998, are excluded. Annuities
attributable to service after January 1,
1998, are included as pension income,
of which taxpayers may exclude up to
$41,110. An additional credit of $40 for
each individual age 65+ or blind ($80 if
both).
LOUISIANA: SS is exempt. Federal
retirement annuities are exempt. In
addition, persons age 65+ may exclude
up to $6,000 of annual retirement
income from their taxable income,
$12,000 if MFJ.
MAINE: SS is exempt. May deduct
from federal AGI $10,000 of eligible
pension income, including federal civil
service annuity income. Except for
military retirement pay, the $10,000
deduction must be reduced for SS
and RR benefits. Starting in 2016, all
retirement benefits received under
a military retirement plan that are
included in a taxpayer’s federal AGI are
excluded from Maine taxable income.
Additional standard deductions for age
and blindness are: $1,250 per individ-
ual per qualifying condition for MFS
and $1,550 per individual per qualifying
condition for single filers and HH.
MARYLAND: SS is exempt. If age
65+, may exclude up to $29,400 in
pension income, under certain condi-
tions. Additional $1,000 exemption for
residents age 65+ or blind. Beginning
in tax year 2015, military retirement
subtraction increased to $10,000 if
65+; subtraction remains at $5,000
for those under age 65. To qualify,
must have been a member of an ac-
tive or reserve component of the U.S.
army, an active duty member of
the commissioned corps of the Public
Health Service, the National Oceanic
and Atmospheric Administration, the
Coast and Geodetic Survey, or a mem-
ber of the Maryland National Guard,
or the member’s surviving spouse or
ex-spouse.
MASSACHUSETTS: SS, federal
civil service and military pensions are
exempt. Tax reciprocity with state and
local governments that do not tax pen-
sion income from Massachusetts public
employees. Additional exemption of
$700 for individuals age 65+. State and
local government pensions are exempt
for reciprocating states.
MICHIGAN: SS and military pensions
are exempt. Other pension and retire-
ment benefits are taxed differently
depending on the age of the taxpayer.
Married couples filing a joint return
should complete form 4884 based
on the year of the birth of the older
spouse. Taxpayers born before 1946
may claim a pension subtraction for
all qualifying pension and retirement
benefits received from public sources
and may subtract qualifying private
pension and retirement benefits up
to $49,861 if filing single or MFS, or
$99,723 if MFJ. SS and RR benefits
are exempt. Taxpayers born between
Jan. 1, 1946 and Dec. 31, 1952, should
refer to instructions for MI-1040 (form
4884) to see if they qualify for a pen-
sion and retirement subtraction.
MINNESOTA: Starting in 2016, cer-
tain types of military pensions or other
military retirement pay may be sub-
tracted from taxable income. To claim
this subtraction, the qualifying income
must be included in federal taxable
income. Taxpayers 65+ may be eligible
for subtraction, based on income.
MISSISSIPPI: SS and retirement
income from federal, state and private
retirement systems are exempt. Addi-
tional exemption of $1,500 for resi-
dents age 65+.
MISSOURI: After gradual phase-in,
all military pension income is tax-free
in 2016. Taxpayers with AGI under
$85,000 (single, HH, MFS, QW) or
$100,000 (MFJ) may exempt the
greater of $6,000 or 100% of any fed-
eral, state or local pension income, up
to a maximum of $36,976 per taxpayer.
Taxpayers with AGI exceeding the

$31,956 (if single) or $47,934 (MFJ)
minus SS and RR received. Deduction
expanded beginning in tax year 2015
to include workers under the Foreign
Service Retirement and Disability
System (FSRDS). Retirement benefits
deduction also available for military
retirees. Persons using MFS status are
not eligible for the retirement benefits
deduction. Extra standard deduction
for persons age 65+.
ILLINOIS: SS and income from any
qualified employee benefit plan are
exempt (including federal government
plans). 401(k) plans, an IRA, or a tra-
titional IRA that has been converted to
a Roth IRA are exempt. Extra personal
exemption for persons age 65+.
INDIANA: SS is exempt. Taxpay-
ers age 60+ may exclude $5,000 of
military retirement income. Taxpayers
age 62+ may deduct up to $16,000 of
a federal civil service annuity minus
the total amount of any SS or RR benefits.
Beginning in tax year 2015, surviving
spouses are eligible to claim the deduc-
tion but do not have to be 62+ (See
Information Bulletin #6). Taxpayers
age 65+ can take additional personal
exemption of $1,000. Additional per-
sonal exemption of $500 if federal AGI
is less than $40,000 for residents age
65+.
IOWA: SS is exempt. Beginning in
tax year 2015, military retirement
pay is exempt. Taxpayers age 55+
may exclude up to $6,000 (if single)
or $12,000 (if MFJ) of pension or an-
nuity income (including civil service
annuities), self-employed retirement
plan income, deferred compensa-
tion, IRA benefits or other retirement
plan benefit income. Additional $40
personal exemption credit for those
age 65+.
KANSAS: SS is exempt if federal AGI
is $75,000 or less. Federal, military
and in-state/local pensions are ex-
empt. Additional $850 deduction for
those age 65+ ($700 each if MFJ or
MFS).
limitation may qualify for a partial exemption. Taxpayers with AGI under $25,000 (single, HH, QW) or $32,000 (MFJ) or $16,000 (MFS) may exempt $6,000 of private pension income. Taxpayers with AGI over these limits may be eligible for a partial exemption. Taxpayers age 62+ or disabled with an AGI under $85,000 (single, HH, MFS, QW) or $100,000 (MFJ) or $16,000 (MFS) may exempt 100% of the taxable amount of SS or SS disability benefits. Taxpayers with AGI exceeding the limitation may qualify for a partial exemption.

**MONTANA:** Taxpayers with AGI $33,910 or less may exclude $4,070 of pension income; for AGI above $33,910, the pension income exclusion is reduced $2 for every $1 of AGI above $33,910. Additional exemption of $2,330 if age 65+. Taxpayers age 65+ may exempt $800 of interest income reported as federal AGI or $1,600 if MFJ.

**NEBRASKA:** Taxpayers with AGI of $58,000 MFJ or $43,000 for all other returns may deduct Social Security income. Begun in 2015, military retirees may make a one-time election within two calendar years after the date of his or her retirement from the military. A military retiree can choose to exclude 40 percent of his or her military retirement benefit income for seven consecutive taxable years or can exclude 15 percent of military retirement benefit income for all taxable years beginning with the year the retiree turns 67.

**NEW HAMPSHIRE:** SS exempt. Tax applied only to interest and dividend income exceeding $2,400 ($4,800 for joint filers). Residents age 65+ qualify for $1,200 exemption for taxable dividends and interest.

**NEW JERSEY:** SS and military pensions are exempt. Taxpayers age 62+ may exclude all or part of their taxable pensions, annuities and IRA withdrawals if their gross income for the entire year before subtracting any pension exclusion does not exceed $100,000. The maximum amount excluded depends on your filing status. If MFJ, you may exclude up to $20,000 in 2016 and up to $40,000 in 2017. If you file as single, HH, or QW, you may exclude up to $15,000 in 2016 and up to $30,000 in 2017. If you are MFS, you may exclude up to $10,000 in 2016 and up to $20,000 in 2017. Those amounts will gradually rise so that by 2020, joint filers can exclude up to $100,000; single filers, up to $75,000; and MFS, up to $50,000. If ineligible for SS, entitled to deduct an additional $3,000
(single, MFS) or $6,000 (MFJ, HH, QW). If taxpayers can recover all civil service retirement contributions in the first three years, can use the three-year rule, in which annuities are not taxed until total employee contributions have been recovered. If not, must use the general rule method, in which a portion of annuity is excluded from taxation. Additional $1,000 personal exemption for residents age 65+. Estate tax exemption changes begin in 2017.

NEW MEXICO: Taxpayers age 65+ or blind may qualify for additional exemption of $8,000 if federal AGI is less than $15,000 (MFS), $18,000 (single) or $30,000 (MFJ, HH, QW). The exemption reduces as income increases, with no exemption if income is over $27,500 (MFS), $36,667 (single) or $55,000 (MFJ). If age 100+, exempt from state income tax if centenarian is single. If MFS or MFJ, both must be 100+ for total exemption, or centenarian may exempt half of community income and all of his/her separate income.

NEW YORK: SS and state and federal pensions, including military, are exempt. An additional pension and annuity income exclusion of up to $20,000 is available to persons age 59½+. Estate tax exemption changes begin in 2017.

NORTH CAROLINA: SS is exempt.

Correction: The deductions for certain taxpayers of up to $4,000 for federal, state or local government retirement benefits or up to $2,000 for private retirement benefits are no longer available as of 2014. Pursuant to the North Carolina Supreme Court’s decision in Bailey v. State of North Carolina, the state may not tax certain retirement benefits received by federal civil service and military retirees or retirees of the state of North Carolina and its local governments if the retiree has five or more years of creditable service as of Aug. 12, 1989.

NORTH DAKOTA: Correction: The $5,000 exclusion for military, civil service, some state/local government and qualified pensions,
minus amount of SS received, was repealed in 2009. Out-of-state government pensions are fully taxed.

**OHIO:** SS and military pensions are exempt. General retirement income credit available in an amount starting at $25 if qualifying retirement income is at least $501, and maxing out at $200 if qualifying retirement income is $8,000 or more. Residents age 65+ are entitled to a $50 tax credit per return. Taxpayers who served in the military and receive a federal civil service retirement pension are eligible for a limited deduction if any portion of their federal retirement pay is based on credit for their military service. These retirees can deduct the percentage (in terms of years of service) of the amount of their federal retirement pay that is attributable to their military service. Some Ohio municipalities tax federal but not state pensions.

**OKLAHOMA:** SS is exempt. Each individual may exclude 100% of retirement benefits received from federal CSRS, including survivor benefits, paid in lieu of Social Security to the extent that these benefits are included in the federal AGI. Note: Retirement benefits paid under FERS do not qualify for this exclusion. However, for retirement benefits containing both a FERS and a CSRS component, the CSRS component will qualify for the exclusion. Individuals may exclude their FERS retirement benefits or Oklahoma state employment retirement benefits or other qualifying retirement income up to $10,000. Individuals may exclude the greater of 75% of their military retirement benefits or $10,000. Additional personal exemption for every $1 that federal AGI exceeds $12,000 deduction reduced by $1 per every $1 that federal AGI exceeds $50,000 (single) or $75,000 (MFJ, MFS). Additional personal exemption of $800 if age 65+ or blind.

**OREGON:** SS is exempt. Federal pension income of those individuals who retired before October 1, 1991, are not taxed. Those who retired after October 1, 1991, are taxed only on that portion of the annuity attributable to government service after October 1, 1991. TSP withdrawals made after retirement are eligible for subtraction based on dates of service. If the taxpayer moves money from a TSP to another type of account, the account loses its character and is no longer a federal pension, and future withdrawals would not be eligible for subtraction. Taxpayers age 62+ may qualify for retirement income credit if household income is below $22,500 (or $45,000 if MFJ) or elderly tax credit (40% of federal credit), but may not claim both. Additional standard deduction if age 65+ of $1,200 (single, HH), $1,000 each spouse age 65+ (MFJ, MFS and QW).

**PENNSYLVANIA:** SS, federal civil service, military retirement benefits and other employer-sponsored retirement plan benefits are exempt. Distributions from IRAs, if age 59½+, are exempt.

**RHODE ISLAND:** SS exempt for MFJ with federal AGI of $100,000 or less; $80,000 or less for single taxpayers. Out-of-state pensions are fully taxed.

**SOUTH CAROLINA:** SS is exempt. If below age 65, may deduct $3,000 of qualified retirement income (including federal retirement plans and military retirement). If 65 or older, may deduct $10,000 of qualified retirement income. All individuals age 65+ are entitled to a $15,000 deduction from income, reduced by any deduction claimed for qualified retirement income.

**TENNESSEE:** SS is exempt. Tax applies only to certain interest and dividend income, not wages and salary or pension income. Any person age 65+ is tax-exempt if total annual income, from any and all sources, is $37,000 or less, or $68,000 or less for joint filers. An exemption of $1,250 ($2,500 if MFJ) is allowed against total taxable interest.

**TEXAS:** SS is exempt. Taxpayer’s age 65+ may be entitled to a retirement credit of up to $450 ($900 MFJ). Taxpayers under age 65, born before January 1, 1953, and with eligible retirement income may qualify for a credit up to 6% of eligible retirement income with a cap of $288. The credit is phased out by a percentage of the excess of modified AGI over a certain amount based on filing status. See Phase-out Calculation instructions.

**VERMONT:** No exemptions. Out-of-state government pensions are fully taxed.

**VIRGINIA:** SS is exempt. Taxpayers age 65+ may claim an age deduction: Those whose birthdate is on or before January 1, 1939, may claim an age deduction of $12,000. Those whose birthdate is between January 2, 1939, and January 1, 1951, will have the $12,000 deduction reduced by $1 for every $1 that federal AGI exceeds $50,000 (single) or $75,000 (MFJ, MFS). Additional personal exemption of $800 if age 65+ or blind.

**WEST VIRGINIA:** $2,000 of military, federal retirement and state pensions is exempt. Additional exemption for military pension income up to $22,000. Taxpayers age 65+ may exclude the first $8,000 (individual filers) or $16,000 (MFJ) of any remaining nonexempt income.

**WISCONSIN:** SS is exempt. Federal civil service retirement payments are exempt if the individual: retired from the system before Jan. 1, 1964; was a member of the system as of Dec. 31, 1963, retiring at a later date and the payments received are from an account established before 1964; or is receiving payments from the system as a beneficiary (survivor) of an individual who met condition 1 or 2. If age 65+, may exempt up to $5,000 of retirement income if federal AGI is less than $15,000 or $30,000 (MFJ or MFS). Additional personal exemption of $700 and a deduction of $250 if age 65+. Military retirement pay and retirement pay related to service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration or the commissioned corps of the Public Health Service are exempt.