

OUT-OF-STATE GOVERNMENT PENSION TREATMENT

<u>State</u>	<u>How MA public pensions are treated out-of-state</u>
Alabama	Tax-exempt if they are defined benefit plans
Alaska	No personal income tax
Arizona	Fully taxed All out-of-state government pensions qualify for the \$6,000 pension exemption.
Arkansas	Taxpayers age 65 or older who do not qualify for the pension exemption may qualify for the Special Tax Credit.
California	Fully taxed imposes a 2.5% penalty for those who withdraw from a retirement plan before age 59 1/2 All out-of-state government pensions qualify for the pension exemption.
Colorado	<ul style="list-style-type: none">• Age 55 to 64 qualify for a \$20,000 exemption• Age 65 or older qualify for a \$24,000 exemption
Connecticut	Fully taxed does not tax military pensions All out-of-state government pensions qualify for the pension exemption.
Delaware	<ul style="list-style-type: none">• Under age 60 receive a \$2,000 exemption• Age 60 or older receive a \$12,500 exemption
District of Columbia	Fully taxed
Florida	No personal income tax All out-of-state government pensions qualify for the pension exclusion. The maximum retirement exclusion for taxpayers age 65 or older is \$65,000. The retirement exclusion for taxpayers who are age 62 to 64, or less than 62 and permanently disabled, remains at \$35,000.
Georgia	
Hawaii	Tax-exempt
Idaho	Fully taxed
Illinois	Tax-exempt
Indiana	Fully taxed
Iowa	All out-of-state government pensions qualify for the pension exemption. Those age 55 or older, or disabled, receive an exemption. The exemption for single and head of household filers is \$6,000 (and \$12,000 for married filing joint filers), but can't exceed the amount included in federal adjusted gross income.
Kansas	Public pensions are not taxed while private pensions are fully taxed

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All out-of-state government pensions qualify for the pension exemption. The maximum exemption is \$41,110. Employees who retired:

- Kentucky**
- **Before** January 1, 1998 - You receive a full exemption of your public pensions.
 - **After** January 1, 1998 - You receive an exemption based on your service time before January 1, 1998, compared to your total service time.

All out-of-state government pensions qualify for the pension exemption.

Age 65 or older qualifies for an exemption of \$6,000. Taxpayers who are married filing jointly and are both age 65 or older may each exclude up to \$6,000. If only 1 spouse has retirement income, the exclusion is limited to \$6,000.

- Louisiana**
- Please note that Federal retirement benefits received by federal retirees, both military and nonmilitary, may be excluded from Louisiana taxable income.

State Employees, Teachers, and Other Retirement Benefits Exclusion- Individuals receiving benefits from certain retirement systems are allowed to exclude those benefits from their Louisiana taxable income. In addition, for Louisiana individual income tax purposes, retirement benefits paid under the provisions of Chapter 1 Title 11 of the Louisiana Revised Statutes, including disbursements of money from DROP accounts, are exempt from state taxation.

- Maine**
- All out-of-state government pensions qualify for the pension exemption of \$25,000 in tax year 2022, \$30,000 in tax year 2023 and \$35,000 in tax years 2024 and beyond. Reduce this exemption by any Social Security and railroad retirement benefits you received (except military pension benefits), taxable or not. The subtraction includes all federally taxable pension income, annuity income and IRA distributions, except for allowed deductions for pickup contributions.

- Maryland**
- If you are 65 or older or totally disabled (or your spouse is totally disabled), you may qualify for Maryland's maximum pension exclusion of \$30,600 under the conditions described in Instruction 13 of the Maryland resident tax booklet. If you are eligible, you may be able to subtract some of your taxable pension and retirement annuity income from your federal adjusted gross income. This subtraction applies only if:

A. You were 65 or older or totally disabled, or your spouse was totally disabled, on the last day of the tax year; and

B. You included on your federal return income received as a pension, annuity or endowment from an "employee retirement system." Please note that these

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include qualified defined benefit and defined contribution pension plans, 401(a) plans, 401(k) plans, 403(b) plans, and 457(b) plans.

C. C. A traditional IRA, a Roth IRA, a simplified employee plan (SEP), a Keogh Plan or an ineligible deferred compensation plan does not qualify.

Complete the Pension Exclusion Computation Worksheet shown in Instruction 13 in the Maryland resident tax booklet. Be sure to report all benefits received under the Social Security Act and/or Railroad Retirement Act on line 3 of the pension exclusion worksheet - not just those benefits you included in your federal adjusted gross income.

To receive the benefit of the pension exclusion, be sure to transfer the amount from line 5 of the worksheet to line 10a of Form 502, and complete the remainder of your return, following the line-by-line instructions.

Those who reach the age of 67 during the taxable year may deduct \$20,000 for single or married, filing separately, or \$40,000 for joint filers against all income. If you qualify, you're not eligible to deduct pension and retirement benefits.

The retirement/pension deduction (or Michigan Standard deduction) is computed as follows:

- If you were born **before 1946**, subtract all qualifying pension and retirement benefits you received from public sources.
- If you were born **between 1946 and 1952**, you may deduct your qualifying and retirement benefits up to:
 - \$20,000 if single or married filing separate, or
 - \$40,000 for joint filers if married filing a joint returnOnce you turn 67 years old, the deduction for pension/retirement benefits is replaced by a standard deduction against all income of \$20,000 for single filers (\$40,000 for joint filers).
- If you were born **after 1952**, you're not entitled to pension subtractions. All pension and retirement benefits are taxable. Once you turn 67 years old, the deduction for pension/retirement benefits is replaced by a standard deduction against all income of \$20,000 for single filers (\$40,000 for joint filers).

Michigan

Qualifying pension and retirement benefits include most payments reported on a 1099-R for federal tax purposes, such as:

- Defined benefit pensions
- IRA distributions
- Most payments from defined contribution plans
- Distributions from:

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- The state of Michigan
- Michigan local governmental units (e.g., Michigan counties, cities, and school districts)
- Federal civil service

Minnesota

Pensions, including federal pensions, are taxable. Taxpayers 65 and older may subtract some income if their federal adjusted gross income is under certain limits.

Mississippi

Tax-exempt

All out-of-state government pensions qualify for the public employee pension exemption.

Missouri

You qualify for a partial exemption, which is limited to either \$6,000 or 100% of your taxable public pension (not to exceed your maximum Social Security benefits), if you're a:

- Married couple with Missouri adjusted gross income greater than \$100,000
- Single individual with Missouri adjusted gross income greater than \$85,000

All out-of-state government pensions qualify for the partial pension exemption. The retirement exemption is limited to the smaller of:

- Taxable retirement income, or
- \$4,180

Montana

As long as federal adjusted gross income (AGI) is \$34,820 or less and filing status is either single, married filing jointly if only 1 spouse has taxable retirement income, or head of household. If filing jointly with spouse, and your retirement income and federal AGI is each \$34,820 or less, both spouses may exclude the lesser of taxable retirement income personally received, or \$4,180 each (for a maximum of \$7,960).

When federal AGI exceeds \$34,820, the retirement exemption is reduced \$2 for every \$1 that federal AGI is over \$34,820. You can't claim this exemption if your federal AGI is greater than:

- \$36,910 - If filing single, married filing separately, or head of household
- \$39,000 - If married filing jointly and both spouses have retirement income

Nebraska

Fully taxed

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Nevada

No personal income tax

New
Hampshire

No personal income tax

To qualify for the pension exclusion, you must be:

- 62 years of age or older, or permanently disabled/blind;
- If filing jointly and both spouses received retirement income, but only one of you is 62 or older or permanently disabled/blind, you may only exclude the retirement income of the eligible spouse

For Tax Year 2021, the exclusion varies depending on gross income and filing status.

New Jersey

- **If your gross income is less than \$100,000, you may exclude up to:**
 - 100% if you are married/CU couple, filing a joint return.
 - 75% if you are single, head of household, or qualifying widow(er)/surviving CU partner; or
 - 50% if you are married/CU partner, filing a separate return.
- **If your gross income is \$100,001 to \$125,000, you may exclude:**
 - 50% of your pension and other retirement income if you are married/CU couple, filing a joint return;
 - 37.5% of your pension and other retirement income if you are single, head of household, or qualifying widow(er)/surviving CU partner; or
 - 25% of your pension and other retirement income if you are married/CU partner, filing a separate return.
- **If your gross income is \$125,001 to \$150,000, you may exclude:**
 - 25% of your pension and other retirement income if you are married/CU couple, filing a joint return.
 - 18.75% of your pension and other retirement income if you are single, head of household, or qualifying widow(er)/surviving CU partner; or
 - 12.5% of your pension and other retirement income if married/CU partner, filing a separate return

All out-of-state government pensions qualify for the \$8,000 income exemption. You may exempt up to \$8,000 from any income source if you're age 65 or older and your income is:

New Mexico

- Single filers - \$28,500 or less
- Married, filing separate - \$25,500 or less
- Married, filing joint - \$51,000 or less

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New York	All out-of-state government pensions qualify for the pension exemption. Those age 59 and a half, or older, qualify for a \$20,000 exemption.
North Carolina	North Carolina exempts all Social Security retirement benefits from income taxes. Other forms of retirement income are taxed at the North Carolina flat income tax rate of 5.499%.
North Dakota	Fully taxed No exclusions, exemptions, or deductions for out-of-state government pensions. However, out-of-state government pensions may be applied toward a retirement income tax credit depending on the amount of qualifying retirement income.
Ohio	Those age 65 and older may also qualify for the senior citizen credit. Out-of-state government pensions qualify for the pension exemption of \$10,000, and are no longer subject to the modified Oklahoma adjusted gross income limit.
Oklahoma	No exclusions, exemptions, or deductions for out-of-state government pensions. However, you may apply out-of-state government pensions toward the retirement income tax credit, depending on household income, if you're age 62 or older at the end of the taxable year. The credit is the smaller of:
Oregon	<ul style="list-style-type: none">• Computed tax liability, or• 9% of taxable pension income
Pennsylvania	Tax-exempt if you're age 59 and a half, or older Modification as of February 2019 involving income from 401 (k) plans, 403 (b) plans, profit-sharing plans, private-sector pensions, government pensions, military retirement pay, annuities, and other such sources. It applies to tax years beginning or after January 1st, 2017.
Rhode Island	Assuming the taxpayer meets the rules involving eligibility, up to \$15,000 of the person's income from 401 (k) plans, Section 457 plans, military retirement pay, private-sector pensions, government pensions, annuities and other such sources will not be taxable. The exemption is on a per person basis, so for a married filing joint return, it would be \$15,000 per spouse, for a combined total of \$30,000. All out-of-state government pensions qualify for the public employee pension exemption.
South Carolina	<ul style="list-style-type: none">• Under age 65 may deduct up to \$3,000• Age 65 or older may deduct up to \$10,000
South Dakota	No personal income tax
Tennessee	No personal income tax

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Texas	No personal income tax All out-of-state government pensions qualify for the retirement tax credit (subject to income-eligibility limits). Taxpayers younger than age 65 may claim the retirement tax credit, which is the lesser of:
Utah	<ul style="list-style-type: none">• An annual ceiling amount, or• A percentage of eligible retirement income
Vermont	Fully taxed All out-of-state government pensions qualify for the Virginia Age deduction. <ul style="list-style-type: none">• Those born on or before January 1, 1939 - The age deduction is \$12,000 per filer.• Those born on January 2, 1939, or later - The \$12,000 deduction is reduced by \$1 for every \$1 that adjusted federal AGI exceeds \$50,000 (or \$75,000 for married filers).
Virginia	
Washington	No personal income tax All out-of-state government pensions qualify for the income exemption.
West Virginia	Taxpayers 65 and older may exclude the first \$8,000 of any type of retirement income or out-of-state pensions (\$16,000 for married couples) from West Virginia taxes. Residents may exempt \$2,000 of civil or state pensions.
Wisconsin	Fully taxed
Wyoming	No personal income tax

