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# STATE PERSONAL INCOME TAXES ON PENSIONS & RETIREMENT INCOME: TAX YEAR 2010

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Most states that levy a personal income tax allow people who receive retirement income to exclude part of it from their taxable income. The table that accompanies this introduction provides state-by-state detail. “Retirement income” means income from federal, state and local governments’ retirement plans, Social Security, Railroad Retirement, private pension plans, and deferred compensation plans in the public and private sectors. Retirement income excludes income from current employment, rents and dividends, disability payments and SSI. This report does not address personal exemptions or deductions that are available to every filer over some specified age, like the federal provision for a larger standard deduction for people who are 65 years old or older than for those under 65.

State policies on retirement income exclusions vary greatly, but have one or both of two purposes: to protect the income of taxpayers who are no longer in the workforce, and to serve as an economic development tool by attracting retired people to, or retaining them in, a state. Such tax provisions seem to have originated years ago as a means of assisting retired public employees who received relatively small pensions. Over the years, many states have made age, not former employment in the public sector, the criterion for retirement income exclusions. The exclusions discussed below generally include an age restriction which has been omitted from this discussion for the sake of simplicity, but the age eligibility requirements are specified in the table that follows.

## *Retirement exclusions and general tax policy*

States are generally free from federal control in deciding how to tax pensions, but some limits apply. State tax policy cannot discriminate against federal civil service pensions, according to the U.S. Supreme Court decision in *Davis v. Michigan* (1989), which ended the once common practice of more favorable state tax treatment for state pensions than for federal civil service pensions. In 1992 the U.S. Supreme Court ruled in *Barker v. Kansas* that states cannot tax U.S. military pensions if they exempt state pensions from taxation. There is no federal impediment to a different state tax policy for public and private pensions, and, as the table indicates, some states provide less favorable tax treatment for private pension income than for public pensions and Social Security retirement benefits.

### *Prevalence of retirement income exclusions*

Of the 50 states, seven – Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming – do not levy a personal income tax. New Hampshire and Tennessee collect income tax only on interest and dividend income. The District of Columbia and 41 states levy a broad-based personal income tax.

Among the 41 states with a broad-based income tax, 36 offer exclusions for some or all specifically identified state or federal pension income or both, a retirement income exclusion, or a tax credit targeted at the elderly. The District of Columbia provides an exclusion for District and federal pension income. The five states that offer none of these are California, Nebraska, North Dakota, Rhode Island and Vermont. Practice regarding Social Security income varies somewhat from those generalizations. Federal law preempts the ability of states to tax income from Railroad Retirement.

### *Limited retirement income exclusions*

States take two broad approaches to excluding retirement income from taxation. Some states provide a specific amount of exclusion according to the type of retirement income. For example, Arizona allows the exclusion of \$2,500 of state or local government retirement income, federal pension income and military pension income; full exclusion for Social Security income; and no exclusion for private-sector pension income. This model was more prevalent in the past than now. It allowed states to provide a greater exclusion for state and local benefits than for federal civil service benefits, until *Davis v Michigan* prohibited that in 1989. Attaching income exclusions to retirement income according to its source is now relatively rare among the states (except with reference to private-sector pension or deferred compensation benefits), but it continues to be the practice in Connecticut, the District of Columbia, Idaho, Indiana, and New Jersey, as well as Arizona.

The states that offer an exclusion for all state and local government pension income are Alabama, Hawaii, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, New York and Pennsylvania. The District of Columbia, Idaho, Iowa, Kentucky, Maine, Missouri, Montana, New Jersey, North Carolina, South Carolina, Oklahoma and West Virginia provide a partial tax exclusion for such income. Consistently with *Davis v Michigan*, those states policy is the same toward federal civil service benefits as for state and local government retirement benefits. Some of the states apply different policies toward income from out-of-state pensions and toward pensions that originate from the state and its political subdivisions. The table shows where that is the case.

Other states (and some of the same states) provide a retirement income exclusion that taxpayers over a specified age, usually 62 or 65, can apply to non-earned income and in rare instances to some earned income. Usually the exclusion is applicable to public sector benefits, Social Security and only some private sector benefits, but sometimes it is applicable to all income. In a number of states, Social Security is subject to a separate exclusion. Virginia, for example, allows an income exclusion of \$12,000 per taxpayer applicable to income from any source for people over 65 (subject to income limitations). In addition, Social Security income is fully exempt. Colorado has a different practice: it allows an exclusion of \$24,000 per tax return for filers over 65, regardless of the source of income, and includes Social Security benefits in the base on which the exclusion is determined.

In addition to those in Colorado and Virginia, exclusions of this sort exist in Arkansas, Delaware, Georgia, Idaho, Iowa, Kentucky, Maine, Maryland, Minnesota, Missouri, Montana, New Jersey, New Mexico, North Carolina, Oklahoma, South Carolina, Utah and West Virginia. The amount of the exclusion varies from \$2,000 in West Virginia to \$41,110 in Kentucky.

### *Social Security retirement benefit exclusions*

Most states exclude Social Security retirement benefits from state income taxes. As the table indicates, the District of Columbia and 27 states with income taxes provide a full exclusion for Social Security benefits – Alabama, Arizona, Arkansas, California, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia, and Wisconsin. In addition, Kansas provides a full exemption for lower-income taxpayers.

The remaining 15 states with broad-based income taxes tax Social Security to some extent:

- Iowa, Kansas, Missouri and Montana exempt a portion of Social Security income, or all if the taxpayer's meets an earnings test.
- Connecticut, Minnesota, Nebraska, North Dakota, Rhode Island, Vermont and West Virginia tax Social Security income to the extent it is federally taxed.
- Age-determined income exclusions in Colorado, Minnesota and West Virginia, and the age-determined income tax credit in Utah can remove some or all Social Security income from taxation.
- Kentucky, New Mexico and Utah require that federally untaxed Social Security benefits be added back to federal AGI to calculate the base against which their broad age-determined income exclusions apply.

### *Full and nearly full pension income exclusions*

Ten states exclude all federal, state and local pension income from taxation – Alabama, Hawaii, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, New York and Pennsylvania, although in some of them the state and local exemption is restricted to pensions from within the state. Among these 10 states, only Kansas taxes any Social Security income; in 2007 Kansas provided that by tax year 2008 persons with an AGI of less than \$75,000 may exclude Social Security income from state taxation.

These 10 states differ on the taxation of retirement income from private-sector sources. Kansas and Massachusetts do not exclude any private-sector retirement income, but most of the others allow a fairly broad exclusion:

- Pennsylvania allows a full exclusion.
- Alabama excludes income from defined benefit plans.
- Hawaii excludes income from contributory plans.
- Illinois and Mississippi exclude income from qualified retirement plans.
- Louisiana, Michigan and New York cap the private-sector exclusion at \$6,000, \$45, 120 and \$20,000, respectively (amounts are for taxpayers filing singly for tax year 2010).

*Sources:*

The principal sources for this report are instructions for state income tax returns for tax year 2010. Specific state sources are identified in the notes to the table. The other sources consulted have been as follows.

Massachusetts Department of Revenue, "Other States' Tax Treatment of Out-of-State Employee Contributory Government Pensions," 2010.

[http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Massachusetts+Income&csid=Ador&b=terminalcontent&f=dor\\_help\\_guides\\_abate\\_amend\\_personal\\_issues\\_general\\_info&csid=Ador#Pensions](http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Massachusetts+Income&csid=Ador&b=terminalcontent&f=dor_help_guides_abate_amend_personal_issues_general_info&csid=Ador#Pensions)

Minnesota House of Representatives, House Research Agency, "Taxation of Social Security Benefits," December, 2010. <http://www.house.leg.state.mn.us/hrd/issinfo/sstaxes.htm#Q5>

Wisconsin Legislative Fiscal Bureau, "Individual Income Tax Provisions in the States, Informational Paper 4," January 2011.

[http://legis.wisconsin.gov/lfb/Informationalpapers/4\\_individual%20income%20tax%20provisions%20in%20the%20states.pdf](http://legis.wisconsin.gov/lfb/Informationalpapers/4_individual%20income%20tax%20provisions%20in%20the%20states.pdf)

## STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010

Notes and sources are listed by states following the table; \* indicates a substantive note. Amounts excluded are for tax year 2010 unless otherwise specified. SS = Social Security, RR = Railroad Retirement, which is exempt from state income taxation by federal law.

Exclusions for state and local government pensions apply to pensions from state and out-of-state sources unless otherwise specified.

STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010					
State	State/Local Pension Exclusion	Federal Civil Service Pension Exclusion	Military Pension Exclusion	Social Security	Private Pension Exclusion
AL	Full	Full	Full	Full	Income from defined benefit plans
AK	No personal income tax.				
AZ	AZ plans: \$2,500	\$2,500	\$2,500	Full	None
AR*	\$6,000 per taxpayer	\$6,000 per taxpayer	\$6,000 per taxpayer	Full	\$6,000 from qualified traditional IRAs
CA	None	None	None	Full	None
	Tax credit of \$99 (tax year 2010) for each taxpayer or spouse over 65 years of age.				
CO*	65 +, \$24,000 55-65, \$20,000 Spouses must qualify individually	65 +, \$24,000 55-65, \$20,000	65 +, \$24,000 55-65, \$20,000	65 +, \$24,000 55-65, \$20,000	65 +, \$24,000 55-65, \$20,000
CT	None	None	50% exclusion	SS: Same as federal	None
DE*	60+, \$12,500 under 60, \$2,000 Amounts are for each taxpayer. Married taxpayers must individually qualify.	60+, \$12,500 under 60, \$2,000 Amounts are for each taxpayer. Married taxpayers must individually qualify.	60+, \$12,500 under 60, \$2,000 Amounts are for each taxpayer. Married taxpayers must individually qualify.	Full	60+, \$12,500 under 60, \$2,000 Amounts are for each taxpayer. Married taxpayers must individually qualify.
DC	62+, \$3,000. DC pensions only.	62+, \$3,000	62+, \$3,000	Full	None
FL	No personal income tax.				

STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010					
State	State/Local Pension Exclusion	Federal Civil Service Pension Exclusion	Military Pension Exclusion	Social Security	Private Pension Exclusion
GA	See below	See below	See below	Full	See below
	Taxpayers aged 62 and over are entitled to a retirement income exclusion of \$35,000 per taxpayer (\$70,000 joint), of which a maximum of \$4,000 per taxpayer may be earned income. In addition, SS/RR income are also excluded from taxable income.				
HI	Full	Full	Full	Full	Full except for partial taxation of plans to which employees contributed.
ID	65+, 62+ if disabled: \$27,876 filing singly/\$41,814 filing jointly, (minus SS/RR benefits) limited to certain public safety officers' benefits. Applies to ID pensions only.	65+, 62+ if disabled: \$21,900 filing singly/\$32,850 filing jointly, (minus SS/RR benefits). Applies only to CSRS not to FERS benefits	Capped at the same exclusion as CSRS benefits.	Full	None
IL	Full	Full	Full	Full	Full for qualified retirement plans
IN*	None	62+ \$2,000 minus Social Security income. Spouses must qualify individually.	62+ \$5,000. Spouses must qualify individually	Full	None
	Taxpayers over 65 may be entitled a tax credit of up to \$140 (joint returns) depending on income.				
IA*	55+ \$6,000 individual; \$12,000 joint	55+ \$6,000 individual; \$12,000 joint	55+ \$6,000 individual; \$12,000 joint	Exclusion of 55% of taxable SS benefits. Taxation of SS benefits will be phased out by 2014.	55+ \$6,000 individual; \$12,000 joint

STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010					
State	State/Local Pension Exclusion	Federal Civil Service Pension Exclusion	Military Pension Exclusion	Social Security	Private Pension Exclusion
KS	Full. Applies to KS plans only.	Full	Full	Full for AGI of \$75,000 or less	None
KY	\$41,110 per taxpayer; but benefits from Kentucky systems earned before 1/1/98 may be fully excluded.	\$41,110 per taxpayer	\$41,110 per taxpayer	Full, although SS benefits may limit taxpayer eligibility for the exclusions listed in other categories of retirement income.	\$41,110 per taxpayer;
LA	Full for pensions from LA state and local governments. Others: same exclusion as for private pensions	Full	Full	Full	65+: \$6,000 single, \$12,000 joint
ME	\$6,000 for taxpayer plus \$6,000 for spouse, or survivor of a pension beneficiary. SS and RR benefits must be deducted from the excluded amount.	\$6,000 for taxpayer plus \$6,000 for spouse, or survivor of a pension beneficiary. SS and RR benefits must be deducted from the excluded amount.	\$6,000 for taxpayer plus \$6,000 for spouse, or survivor of a pension beneficiary. SS and RR benefits must be deducted from the excluded amount.	Full	\$6,000 less SS/RR, but income from IRAs, SIMPLE IRA's and certain deferred compensation plans is not eligible. Income from government-sponsored 457(b) plans is eligible after age 55.
MD	See below	See below	See below	Full	See below: not applicable to IRA, Roth IRA, SEP or Keogh plans.
Taxpayers aged 65 and over are entitled to an exemption of \$26,100 per person minus SS/RR benefits.					

STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010					
State	State/Local Pension Exclusion	Federal Civil Service Pension Exclusion	Military Pension Exclusion	Social Security	Private Pension Exclusion
MA	Full for MA pensions; out-of-state are exempt if the state extends reciprocal treatment to MA pensions.	Full	Full	Full	None
MI	Full for MI pensions; capped at the levels for private pensions for out-of-state pensions unless MI has a reciprocal agreement with the other state not to tax pensions.	Full	Full	Full	\$45,120 single, \$90, 240 joint. Plans under Sections 401(k), 457, and 403(b) of the IRC are not eligible.
	Persons aged 65 and older (or older) may subtract interest, dividends, and capital gains included in AGI. This subtraction is limited to a maximum of \$10,058 on a single return or \$20,115 on a joint return. However, the maximum must be reduced by the retirement pension subtraction				
MN*	None	None	None	SS taxable to extent federally taxed;	None
	Taxpayers aged 65 and over may be entitled to an exemption of up to \$9,000 for single taxpayers and \$18,000 married and filing jointly if both spouses are over 65. Income limits apply.				
MS	Full	Full	Full	Full	Full for qualified plans
MO*	Age 62+: 65%, capped at \$33,703 per spouse; income limits apply. Amount of Social Security exclusion must be deducted from pension exclusion.	Age 62+: 65%, capped at \$33,703 per spouse; income limits apply. Amount of Social Security exclusion must be deducted from pension exclusion	15%	65%, income limits apply.	\$6,000; income limits apply.

STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010					
State	State/Local Pension Exclusion	Federal Civil Service Pension Exclusion	Military Pension Exclusion	Social Security	Private Pension Exclusion
MT*	Up to \$3,640 for single filers whose AGI is less than \$30,320. For joint filers who both have retirement income, up to \$7,680.	Up to \$3,640 for single filers whose AGI is less than \$30,320. For joint filers who both have retirement income, up to \$7,680.	Up to \$3,640 for single filers whose AGI is less than \$30,320. For joint filers who both have retirement income, up to \$7,680.	SS is taxable for taxpayers whose income including SS exceeds \$25,000 single, \$32,000 joint.	Up to \$3,640 for single filers whose AGI is less than \$30,320. For joint filers who both have retirement income, up to \$7,680.
NE	None	None	None	SS taxable to extent federally taxed.	None
NV	No personal income tax.				
NH	No personal income tax. Residents over the age of 65 are entitled to exempt \$1,200 in income subject to the interest and dividends tax.				
NJ	62+, \$20,000 joint; \$15,000 single, subject to an income ceiling	62+, \$20,000 joint; \$15,000 single, subject to an income ceiling	Full	Full	62+, \$20,000 joint; \$15,000 single, subject to an income ceiling
	Taxpayers over the age of 62 are entitled to an additional income exclusion to allow them to reach the amount of the pension exclusion. The sum of the pension exclusion and the additional exclusion may exceed the pension exclusion if the recipient is ineligible to receive Social Security retirement payments.				
NM	None	None	None	None	None
	Taxpayers aged 65 and older are eligible for an income exemption capped at \$8,000 single, \$16,000 filing jointly, phased out as AGI grows, and ended at AGI of \$51,001 for joint filers, \$28,501 for single. People aged 100 or older are fully exempt from income tax unless claimed as a dependent				
NY	Full for NY and DC pensions; out-of-state treated like private pensions.	Full	Full	Full	\$20,000 for taxpayers aged 59 years, six months and older.
NC*	\$4,000 single; \$8,000 filing jointly	\$4,000 single; \$8,000 filing jointly	\$4,000 single; \$8,000 filing jointly	Full	\$2,000 single; \$4,000 filing jointly

STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010					
State	State/Local Pension Exclusion	Federal Civil Service Pension Exclusion	Military Pension Exclusion	Social Security	Private Pension Exclusion
ND	None	None	None	Same as federal	None
OH	None	None	Full	Full	See note
	A retirement income tax credit of as much as \$200 is allowed, depending on income. A senior citizen tax credit of \$50 per tax return is allowed to filers of 65 or older; each taxpayer may claim it only once. A one-time tax credit is available for lump-sum distributions to people over 65: \$50 multiplied by remaining life expectancy.				
OK*	\$10,000 per individual. Spouses must qualify individually.	80% of CSRS benefits, plus up to \$10,000 in FERS and remaining CSRS benefits.	Greater of 75% of benefits or \$10,000 not to exceed amount included in federal AGI.	Full	\$10,000 per individual.
OR	62+: 9% credit for retirement income. Income limits apply	Income attributable to service before October 1991 is exempt. In addition: 62+: 9% credit for retirement income. Income limits apply	62+: 9% credit for retirement income. Income limits apply	Full	Payments from certain plans can be subtracted if previously taxed. 62+: 9% credit for retirement income. Income limits apply
PA	Full	Full	Full	Full	Full
RI	None	None	None	Same as federal	None
SC	Under 65: \$3,000; over 65: \$10,000; see below	Under 65: \$3,000; over 65: \$10,000; see below	Under 65: \$3,000; over 65: \$10,000; see below	Full	Under 65: \$3,000; over 65: \$10,000; see below
	Each taxpayer over 65 is entitled to an income exemption of \$15,000 (\$30,000, married filing jointly) less the amount of any retirement income exemption claimed.				
SD	No personal income tax				
TN	The individual income tax is imposed only on individuals and other entities receiving interest from bonds and notes and dividends from stock. Persons over 65 with total income less than \$16,200 for a single filer or \$27,000 for a joint filer are exempt.				
TX	No personal income tax				

STATE PERSONAL INCOME TAXES ON RETIREMENT INCOME: TAX YEAR 2010					
State	State/Local Pension Exclusion	Federal Civil Service Pension Exclusion	Military Pension Exclusion	Social Security	Private Pension Exclusion
UT	Utah provides individual taxpayers aged 65 and older a non-refundable retirement income tax credit of \$450. The credit is reduced and phased out at higher income levels, beginning at \$25,000 single and \$32,000 married filing jointly.				
VT	None	None	None	Same as federal	None
VA	Virginia provides individual taxpayers aged 65 and older a deduction of up to \$12,000 (\$24,000 married filing jointly.) The deduction is reduced and phased out at higher income levels, beginning at \$50,000 for single taxpayers and at \$75,000 for married couples regardless of their filing status. The base is state-adjusted federal AGI.				
WA	No personal income tax				
WV	WV state or local police, deputy sheriffs' or firefighters' retirement benefits are fully exempt. Other WV pensions: \$2,000.	\$2,000; see below	\$22,000; see below	Same as federal; see below	None; see below
	Each West Virginia taxpayer aged 65 or older is entitled to a deduction of \$8,000 minus retirement income deductions.				
WI*	65+: \$5,000 for filers with an AGI of less than \$15,000 (single) or \$30,000 (joint)	65+: \$5,000 for filers with an AGI of less than \$15,000 (single) or \$30,000 (joint)	Full	Full	65+: \$5,000 for filers with an AGI of less than \$15,000 (single) or \$30,000 (joint)
WY	No personal income tax				

**NOTES:**

- AL:** Source: Alabama 2010 Form 40 Booklet. [http://www.revenue.alabama.gov/incometax/2010\\_forms/10f40bk.pdf](http://www.revenue.alabama.gov/incometax/2010_forms/10f40bk.pdf)
- AZ:** Source: Arizona Booklet X, 2010, Vol. 1. <http://www.azdor.gov/LinkClick.aspx?fileticket=33Vs-c609Sw%3d&tabid=66>
- AR:** Amount indicated is a retirement income exclusion; the total exclusion per taxpayer cannot be more than \$6,000 from all exempt sources other than SS/RR retirement income. Source: Arkansas 2010 Individual Income Tax Forms and Instructions. [http://www.dfa.arkansas.gov/offices/incomeTax/individual/Documents/LongBooklet\\_2010.pdf](http://www.dfa.arkansas.gov/offices/incomeTax/individual/Documents/LongBooklet_2010.pdf)
- CA:** Source: Instructions for Form 540/540A — California Resident Income Tax Return. [http://www.ftb.ca.gov/forms/2010/10\\_540a\\_540ins.pdf](http://www.ftb.ca.gov/forms/2010/10_540a_540ins.pdf)
- CO:** Amounts indicated are a retirement income exclusion; the total exclusion may not be more than indicated from all exempt sources. However, SS/RR retirement income not taxed by the federal government is not added back to AGI for state income tax purposes. Source: Colorado Department of Revenue, Pension/Annuity Subtraction
- CT:** Source: 2010 Form CT 10-40. <http://www.ct.gov/drs/lib/drs/forms/2010forms/incometax/ct-1040booklet.pdf>
- DC:** Source: 2010 DC Individual Income Tax Forms and Instructions. [http://otr.cfo.dc.gov/otr/frames.asp?doc=/otr/lib/otr/2010\\_rpa\\_forms/2010\\_d-40\\_d-40ez.pdf](http://otr.cfo.dc.gov/otr/frames.asp?doc=/otr/lib/otr/2010_rpa_forms/2010_d-40_d-40ez.pdf)
- DE:** Amounts indicated are a retirement income exclusion per taxpayer. The total exclusion may not be more than the amounts shown from all sources other than SS/RR retirement income. Source: 2010 Delaware Resident Individual Income Tax Return [http://revenue.delaware.gov/services/current\\_pit/TY10\\_booklet\\_res.pdf](http://revenue.delaware.gov/services/current_pit/TY10_booklet_res.pdf)
- GA:** Source: 2010 Individual Income Tax 500 and 500EZ Forms and General Instructions. [http://tax.dor.ga.gov/inctax/2010\\_forms/TSD\\_Form\\_IT511\\_Instructions\\_2010.pdf](http://tax.dor.ga.gov/inctax/2010_forms/TSD_Form_IT511_Instructions_2010.pdf)
- HI:** Source: 2010 N-11 Hawaii Resident Income Tax Forms and Instructions. <http://www6.hawaii.gov/tax/2010/n11ins.pdf>
- ID:** Source: Idaho 2010 Individual Income Tax Forms and Instructions. [http://tax.idaho.gov/forms/EIN00046\\_10-12-2010.pdf](http://tax.idaho.gov/forms/EIN00046_10-12-2010.pdf)
- IL:** Source: Publication 120: Retirement Income. <http://www.revenue.state.il.us/Publications/Pubs/Pub-120.pdf>
- IN:** Individual taxpayers are entitled to a disability retirement deduction of up to \$5,200 per year. Sources: 2010 Indiana IT-40 Full Year Resident Individual Income Tax Instruction Booklet and various 2010 Individual Income Tax Forms and Instructions. <http://www.in.gov/dor/4439.htm>
- IA:** Source: Iowa 2010 Expanded 1040 Instructions. <http://www.iowa.gov/tax/1040EI/GenInfo/10Military.html>
- KS:** Source: Line-by-line K-40 and Schedule S Instructions - 2010. <http://www.ksrevenue.org/pdf/forms/k-40inst10.pdf>
- KY:** Source: 2010 Kentucky Individual Income Tax Instructions for Forms 740 and 740-EZ. <http://www.revenue.ky.gov/forms/CurrentYrForms.htm>
- LA:** Source: 2010 Louisiana Resident Income Tax Booklet, [http://www.revenue.louisiana.gov/forms/taxforms/IT540\(2010\).%20INST.pdf](http://www.revenue.louisiana.gov/forms/taxforms/IT540(2010).%20INST.pdf) and Credits, Exemptions, Exclusions, & Deductions for Individual and Corporation Income Tax, Corporation Franchise Tax, Inheritance Tax, and Gift Tax. [http://revenue.louisiana.gov/forms/publications/40058\(11\\_07\).pdf](http://revenue.louisiana.gov/forms/publications/40058(11_07).pdf)
- ME:** Source: 2010 Maine Resident, Nonresident or Part-Year Resident Individual Income Tax Booklet [http://www.maine.gov/revenue/forms/1040/2010/10\\_Long1040MEBook\\_dwnld.pdf](http://www.maine.gov/revenue/forms/1040/2010/10_Long1040MEBook_dwnld.pdf)
- MA:** Source: Department of Revenue, Current Year Tax Information, Pensions-Government. [http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Massachusetts+Income&sid=Ador&b=terminalcontent&f=dor\\_help\\_guides\\_abate\\_amend\\_personal\\_issues\\_govpension&csid=Ador#Out](http://www.mass.gov/?pageID=dorterminal&L=6&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&L3=Current+Year+Tax+Information&L4=Guide+to+Personal+Income+Tax&L5=Massachusetts+Income&sid=Ador&b=terminalcontent&f=dor_help_guides_abate_amend_personal_issues_govpension&csid=Ador#Out)

- MD:** Amounts indicated are a retirement income exclusion; the total exclusion may not be more than indicated from all exempt sources. Source: Maryland 2010 State and Local Tax Forms and Instructions. [http://forms.marylandtaxes.com/current\\_forms/Resident\\_booklet.pdf](http://forms.marylandtaxes.com/current_forms/Resident_booklet.pdf)
- MI:** Source: 2010 Michigan Individual Income Tax Forms and Instructions. [http://www.michigan.gov/documents/taxes/MI1040book\\_341323\\_7.pdf](http://www.michigan.gov/documents/taxes/MI1040book_341323_7.pdf)
- MN:** Source: 2010 Individual Income Tax Forms. <http://taxes.state.mn.us/individ/pages/forms.aspx#prior>
- MS:** Source: 2010 Mississippi Resident and Non-Resident/Part-Year Resident Income Tax Forms and Instructions. <http://www.dor.ms.gov/docs/Form80-100-10IndividualInstructions.pdf>
- MO:** 2007 legislation authorized an income tax deduction to be phased in over six years for Social Security benefits, Social Security disability benefits, and benefits received from a nonprivate retirement system for individuals 62 years of age or older. For Tax Year 2010, 65% of federally taxable qualified income may be deducted; for 2011, 80%; and for 2012 and thereafter, 100%. A single taxpayer with an adjusted gross income of \$85,000 or less or a married taxpayer filing a combined return with an adjusted gross income of \$100,000 or less will qualify for the maximum deduction. If a taxpayer's adjusted gross income exceeds the income amount, the deduction will be decreased by \$1 for every dollar in excess of the maximum. If a taxpayer receives both Social Security benefits and public retirement benefits, the maximum deduction for the publicly funded retirement benefits will be decreased by \$1 for every dollar of Social Security benefits received by the taxpayer if the benefits are not included in his or her Missouri adjusted gross income. The maximum deduction for the publicly funded retirement benefits is limited to the maximum Social Security benefits available for the tax year less any Social Security benefits not taxable to Missouri. For TY 2010 that amount is \$33,703. Source: Missouri Department of Revenue, What's New? <http://dor.mo.gov/personal/whatsnew/> and 2010 Income Tax Reference Guide. <http://dor.mo.gov/pdf/refguide.pdf>
- MT:** Amounts indicated are a retirement income exclusion; the total exclusion may not be more than indicated from all exempt sources. Source: Montana 2010 Form 2 Individual Income Tax Forms and Instructions. <http://revenue.mt.gov/content/formsandresources/downloadable-forms/2010/2010-2-Booklet.pdf>
- NE:** Source: 2010 Nebraska Individual Income Tax Booklet. [http://www.revenue.ne.gov/tax/current/f\\_1040n\\_booklet.pdf](http://www.revenue.ne.gov/tax/current/f_1040n_booklet.pdf)
- NJ:** Source: Tax Topics: Pensions and Annuities. <http://www.state.nj.us/treasury/taxation/pdf/pubs/tgi-ee/git1.pdf>
- NM:** Source: Instructions for 2010 PIT-ADJ, Schedule of Additions and Deductions/Exemptions. <http://www.tax.newmexico.gov/SiteCollectionDocuments/2010pit-adj-ins.pdf>
- NY:** Source: Combined Instructions for Forms IT-150 and IT-201 Full-Year Resident Income Tax Returns. [http://www.tax.ny.gov/pdf/2010/inc/it150\\_201i\\_2010.pdf](http://www.tax.ny.gov/pdf/2010/inc/it150_201i_2010.pdf)
- NC:** Certain public-sector recipients of pension benefits who had five years of service credit before 1989 may be exempted from state income tax on their retirement benefit. Source: 2010 North Carolina Individual Income Tax Instructions. <http://www.dor.state.nc.us/downloads/D401.pdf>
- ND:** Source: 2010 Individual Income Tax. <http://www.nd.gov/tax/indincome/forms/2010/nd1instruct.pdf>
- OH:** Source: Ohio 2010 Income Tax Booklet. [http://tax.ohio.gov/documents/forms/ohio\\_individual/individual/2010/PIT\\_IT1040\\_Instructions.pdf](http://tax.ohio.gov/documents/forms/ohio_individual/individual/2010/PIT_IT1040_Instructions.pdf)
- OK:** Other than the 80% CSRS exclusion, SS benefits and RR benefits, an individual's exclusion cannot total more than \$10,000. The cap applies to military retirement benefits as well as benefits from other sources. Source: 2010 Oklahoma Resident Individual Income Tax Forms and Instructions. <http://www.tax.ok.gov/it2010/511Pkt-10.pdf>
- OR:** Tax credit of up to 9 percent of taxable pension income is available to recipients of pension income, including most private pension income, whose household income was less than \$22,500 for single filers and \$45,000 for married filing jointly and who received less than \$7,500/\$15,000 in SS or RR benefits. The credit is the lesser of tax liability or 9 percent of taxable pension income. Some federal pension income is exempt if the beneficiary was employed by the federal government before October 1, 1991. Source: Oregon Income Tax Full-Year Resident Form 40, Form 40S, Schedule WFC, and Instructions. <http://egov.oregon.gov/DOR/PERTAX/docs/2010Forms/101-043-10.pdf>
- PA:** Source: Pennsylvania Personal Income Tax Return 2010. [2010\\_pa-40\\_book.pdf](http://www.revenue.state.pa.us/forms/2010_pa-40_book.pdf)

RI: Source: Rhode Island Resident Individual Income Tax Return.

<http://www.tax.state.ri.us/forms/2010/Income/2010%20RI-1040%20Resident%20Booklet.pdf>

SC: Source: SC 1040 Instructions 2010.

<http://www.sctax.org/NR/rdonlyres/9EA05818-4B57-4913-B451-D70190AC742D/0/SC1040Inst.pdf>

TN: Source: Individual Income Tax. <http://www.tennessee.gov/revenue/faqs/indincome.htm#13>

UT: The tax credits described in the table replaced previous provisions of income exemptions in 2008. Source: <http://incometax.utah.gov/credits/retirement-income.html>

VT: Source: Vermont 2010 Income Tax Return Booklet. <http://www.state.vt.us/tax/pdf.word.excel/forms/2010/2010IncBook.pdf>

VA: Source: 2010 Virginia 760 Resident Individual Income Tax Booklet. <http://www.tax.virginia.gov/taxforms/Individual/Income%20Tax/2010/760Instr.pdf>

WV: Each taxpayer over 65 can claim an \$8,000 exemption, from which the pension exclusions noted in the table must be deducted. Source: 2010 Personal Income Tax Forms and Instructions. Source: <http://www.state.wv.us/taxrev/forms/2010/it140.booklet.pdf>

WI: State, local pensions, federal civilian and military pension income exemptions exist for those who retired before January 1, 1964 or who receive a pension benefit from an account established before that date. Source: Wisconsin Income Tax 2010. <http://www.revenue.wi.gov/forms/2010/10i-111.pdf>