

## State Tax Treatment of Social Security, Pension Income

The following chart Provides a general overview of how states treat income from Social Security and pensions for the 2016 tax year unless otherwise noted. States shaded in yellow indicate they do not tax these forms of retirement income.

State	Social Security Income	Pension Income
Alabama	State computation not based on federal. Social Security benefits excluded from taxable income.	Individual taxpayer's pension income is generally taxable
Alaska	No individual income tax.	No individual income tax.
Arizona	Social Security benefits subtracted from federal AGI.	Individual taxpayer's pension income is generally taxable.
Arkansas	State computation not based on federal. Social Security benefits excluded from taxable income.	Up to \$6,000 total in retirement pay benefits and benefits received from an individual retirement account (IRA) is exempt.
California	Social Security benefits subtracted from federal AGI.	Individual taxpayer's pension income is generally taxable.
Colorado	Pension income, including Social Security benefits, up to \$24,000 may be subtracted from federal taxable income by those 65 and older, and up to \$20,000 by those 55 through 64 years old.	An individual taxpayer 55 through 64 years old can exclude up to \$20,000 (\$24,000 for a taxpayer aged 65 or older) in pension and annuity income.
Connecticut	Joint filers and heads of households with AGIs under \$60,000, and single filers and married taxpayers filing separately with AGIs under \$50,000, deduct from federal AGI all Social Security income included for federal income tax purposes. Joint filers and heads of households with AGIs over \$60,000, and single filers and married taxpayers filing separately with AGIs over \$50,000, deduct the difference between the amount of Social Security benefits included for federal income tax purposes and the lesser of 25 percent of Social Security benefits received or 25 percent of the excess of the taxpayer's provisional income in excess of the specified base amount under IRC Sec. 86 (b)(1).	Individual taxpayer's pension income is generally taxable.
Delaware	Social Security benefits subtracted from federal AGI.	An individual taxpayer younger than 60 may deduct pension amounts of up to \$2,000, and a taxpayer 60 or older may deduct up to \$12,500. Eligible amounts for a taxpayer 60 or older include dividends, capital gains, interest, rental income, and distributions from qualified retirement plans.

District of Columbia	Social Security benefits subtracted from federal AGI.	Individual taxpayer's pension income is generally taxable.
Florida	No individual income tax.	No individual income tax.
Georgia	Social Security benefits subtracted from federal AGI.	An individual taxpayer age 62 to 64 may exclude up to \$35,000 of retirement income; an individual 65 or older may exclude up to \$65,000. Up to \$4,000 of the maximum exclusion amount may be earned income.
Hawaii	Social Security benefits subtracted from federal AGI.	Distributions derived from employer contributions to pensions and profit-sharing plans are exempt.
Idaho	Social Security benefits subtracted from federal AGI.	Individual taxpayer's pension income is generally taxable.
Illinois	Social Security benefits subtracted from federal AGI.	Income from a federally qualified retirement plans, IRAs, retirement payments to a retired partner, and certain capital gains on employer securities are excluded.
Indiana	Social Security benefits subtracted from federal AGI.	Individual taxpayer's pension income is generally taxable.
Iowa	Social Security benefits subtracted from federal AGI.	Married taxpayers age 55 or older filing a joint return may exclude up to \$12,000 (\$6,000 for an unmarried taxpayer) of pension benefits and other retirement pay. A special rule applies to a spouse filing separately.
Kansas	Taxpayers with a federal AGI of \$75,000 or less are exempt from any state tax on their social Security benefits.	Individual taxpayer's pension income is generally taxable.
Kentucky	Social Security benefits subtracted from federal AGI.	Up to \$41,110 of retirement income from a pension plan, annuity contract, profit-sharing plan, retirement plan or employee savings plan, including IRA amounts and other similar income, is exempt.
Louisiana	Social Security benefits subtracted from federal AGI.	Up to \$6,000 of the pension and annuity income of an individual taxpayer 65 or older is exempt.
Maine	Social Security benefits subtracted from federal AGI.	A recipient of retirement plan benefits under an employee retirement plan or an IRA may generally subtract from federal AGI the lesser of: <ul style="list-style-type: none"> <li>–\$10,000, reduced by the total amount of the recipient's Social Security benefits and Railroad Retirement benefits and Railroad Retirement benefits paid; or</li> <li>–The aggregate of retirement plan benefits received by the recipient under employee retirement plans or IRAs and included in the individual's federal AGI.</li> </ul>

Maryland	Social Security benefits subtracted from federal AGI.	Up to \$29,000, generally, in pension income (except income from an IRA, SEP or Keogh) is excludable for an individual taxpayer age 65 or older.
Massachusetts	Social Security benefits subtracted from federal AGI.	Individual taxpayer's pension income is generally taxable.
Michigan	Social Security benefits subtracted from federal AGI.	For individuals born prior to 1946, up to \$49,811 in pensions and retirement income is deductible on a single return (\$99,623 on a joint return). Individuals born from January 1, 1946, to January 1, 1949, can deduct up to \$20,000 (\$40,000 on a joint return) against all income, but cannot deduct pension and retirement benefits. For individuals born between January 1, 1949, and December 31, 1952, up to \$20,000 in pension and retirement income is deductible on a single return (\$40,000 on a joint return) in lieu of claiming the social security deduction and personal exemption. Individuals born from January 1, 1953, to January 1, 1954, who receive retirement benefits from employment exempt from Social Security may deduct up to \$15,000 (\$30,000 on a joint return) in qualifying pension and retirement benefits.
Minnesota	State computation begins with federal taxable income. No subtraction.	Individual taxpayer's pension income is generally taxable.
Mississippi	State computation not based on federal. Social Security benefits exempt in total.	Retirement allowances, pensions, annuities or "optional retirement allowances" (income from Keogh plan, IRA or deferred compensation plan) are exempt.
Missouri	Social Security benefits that are included in federal AGI may be subtracted. Married couples with Missouri AGI greater than \$100,000 and single individuals with Missouri AGI greater than \$85,000, may qualify for a partial deduction.	Combined return filers with Missouri AGI less than \$32,000, single filers with Missouri AGI less than \$25,000, and married filers filing separately with Missouri AGI less than \$16,000 may deduct \$6,000 (\$12,000 combined filers) of their private retirement benefits, to the extent the amounts are included in their federal AGI. Partial exemptions available to taxpayers with income levels above the AGI limits listed above.

Montana	Separate calculation to determine taxable Social Security benefits. Benefits exempt if income is \$25,000 or less for single filers or heads of households, \$32,000 for married taxpayers filing jointly, and \$16,000 for married taxpayers filing separately.	For an individual taxpayer, up to \$3,980 of pension and annuity income is exempt (reduced by \$2 for every \$1 of federal AGI that exceeds \$33,190).
Nebraska	Beginning with the 2015 tax year, Social Security benefits subtracted if taxpayer's federal AGI is less than or equal to \$58,000 for joint filers or \$43,000 for all other filers.	Individual taxpayer's pension income is generally taxable.
Nevada	<b>No individual income tax.</b>	<b>No individual income tax.</b>
New Hampshire	Only dividends and interest are taxable.	Only dividends and interest are taxable.
New Jersey	<b>State computation not based on federal. All Social Security benefits are excluded by statute from gross income. Taxpayers age 62 or older who did not receive Social Security benefits, but would have been eligible for benefits, may qualify for a special exclusion of up to \$6,000 for joint filers, heads of household, or surviving spouses; or up to \$3,000 for single filers or married taxpayers filing separately.</b>	Taxpayers age 62 or older with total income of \$100,000 or less may exclude pensions, annuities or IRA withdrawals of up to \$20,000 for joint filers; \$10,000 for married taxpayers filing separately; or \$15,000 for a single taxpayer, a head of household, or a qualifying widow(er). Taxpayers who did not claim the maximum pension exclusion amount because pension income was less than the maximum exclusion amount for the taxpayer's filing status may use the unclaimed portion of the pension exclusion to exclude other types of income.
New Mexico	State computation begins with federal AGI. No subtraction.	An individual taxpayer age 65 or older may exempt up to \$8,000 of income (100% of income if age 100 or older and not claimed as a dependent on another return), including pension income, depending upon the individual's filing status and federal AGI. Joint filers, a surviving spouse or a head of household with AGI of \$51,000 or more are ineligible for this exemption. A married individual filing separately becomes ineligible at \$25,500. A single individual becomes ineligible at \$28,500.
New York	<b>Social Security benefits subtracted from federal AGI.</b>	For an individual taxpayer age 59-1/2 or older, \$20,000 of pension and annuity income is exempt.
North Carolina	<b>Social Security benefits subtracted from federal taxable income.</b>	Individual taxpayer's pension income is generally taxable.
North Dakota	State computation begins with federal taxable income. No subtraction.	Individual taxpayer's pension income is generally taxable.

Ohio	Social Security benefits subtracted from federal AGI.	A recipient of retirement income may claim an annual credit ranging from \$25 to \$200, depending on the amount of benefit received during the year. Also, in lieu of the \$50 senior citizen income credit (credit eligibility is dependent on age not retirement income), an individual taxpayer age 65 or older may claim a credit for a lump-sum distribution from a retirement, pension or profit-sharing plan equaling \$50 times the taxpayer's expected remaining life years. Finally, taxpayers receiving a lump-sum distribution on account of retirement (no age requirement) may claim a credit calculated using a formula based on the amount of retirement income received and the taxpayer's expected remaining life.
Oklahoma	Social Security benefits subtracted from federal AGI.	Up to \$10,000 of retirement benefits from a private pension is exempt for an individual taxpayer, but not to exceed the amount included in federal AGI.
Oregon	Social Security benefits subtracted from federal taxable income.	An individual taxpayer age 62 or older with household income of less than \$22,500 (\$45,000 for joint filers), Social Security and/or Railroad Retirement benefits of less than \$7,500 (\$15,000 for joint filers), and household income plus Social Security and/or Railroad Retirement Board benefits of less than \$22,500 (\$45,000 for joint filers) may claim a credit for pension income equal to the lesser of 9% of the individual's net pension income or the individual's state personal income tax liability.
Pennsylvania	State computation not based on federal. Social Security benefits not included in state taxable income.	Retirement benefits received from eligible employer-sponsored retirement plans are generally exempt, including distributions from employer-sponsored deferred compensation plans, pension or profit sharing plans, 401(k) plans, thrift plans, thrift savings plans, and employee welfare plans. Distributions from an IRA are not taxable if the payments are received, including lump sum distributions, on or after reaching the age of 59-1/2.

Rhode Island	State computation begins with federal taxable income. No subtraction. (Beginning in 2016, Social Security benefits subtracted from federal AGI if federal AGI is \$80,000 or less for single, head of household, or married filing separate taxpayers; or \$100,000 or less for married filing joint or qualified widow(er) taxpayers.)	Individual taxpayer's pension income is generally taxable.
South Carolina	Social Security benefits subtracted from federal taxable income.	An individual taxpayer receiving retirement income may deduct up to \$3,000. A taxpayer age 65 or older may deduct up to \$10,000.
South Dakota	<b>No individual income tax.</b>	<b>No individual income tax.</b>
Tennessee	Only dividends and interest are taxable.	Only dividends and interest are taxable. Taxpayers 65 or older with total income from all sources of \$33,000 or less (\$59,000 or less for joint filers) are exempt.
Texas	<b>No individual income tax.</b>	<b>No individual income tax.</b>
Utah	State computation begins with federal taxable income. No subtraction. Partial credit for Social Security benefits allowed (Age and income restrictions)	An eligible retiree age 65 or older is allowed a nonrefundable retirement credit of \$450. An eligible retiree under age 65 and born before 1953 is allowed a nonrefundable retirement credit equal to the lesser of \$288 or 6% of the eligible retirement income for the taxable year for which the retiree claims the tax credit. These credit are phased out at 2.5 cents per dollar by which modified AGI exceeds \$16,000 for married individuals filing separately, \$25,000 for singles and \$32,000 for heads of household and joint filers.
Vermont	State computation begins with federal taxable income. No subtraction.	Individual taxpayer's pension income is generally taxable.
Virginia	<b>Social Security benefits subtracted from federal AGI.</b>	A \$12,000 deduction is available to an individual taxpayer born before 1939. For taxpayers 65 and older born after 1938, the deduction is reduced dollar for dollar for every \$1 that the taxpayer's adjusted federal AGI exceeds \$50,000 (\$75,000 for married taxpayer filing separately, the deduction is reduced by \$1 for every \$1 that the total combined adjusted federal AGI of both spouses exceeds \$75,000.
Washington	<b>No individual income tax.</b>	<b>No individual income tax.</b>

West Virginia	State computation begins with federal AGI. No subtraction.	Individual taxpayer's pension income is generally taxable. However, subject to some qualification, an individual taxpayer who, by the last day of the tax year, has reached age 65 may deduct up to \$8,000 to the extent that amount was includable in federal AGI.
Wisconsin	Social Security benefits subtracted from federal AGI.	Taxpayers age 65 or older may subtract up to \$5,000 if federal AGI is less than \$15,000 (\$30,000 for married taxpayers).
Wyoming	No individual income tax.	No individual income tax.

SOURCE: Wolters Kluwer, CCH: 2016.