

## State Tax Treatment of Social Security, Pension Income

The following CCH analysisi provides a general overview of how states treat income from Social Security and pensions for the 2013 tax year unless otherwise noted. States shaded 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 and older or those who are second-party beneficiaries of someone 55 or older.	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 individuals 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 individuals 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 retirement income (dividends, capital gains realization, interest and rental income).
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; up to \$4,000 of the maximum exclusion amount may be earned income. An individual 65 or older may exclude up to \$65,000.
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 plan and an IRA, as well as retirement payments to a retired partner, are excluded.
Indiana	Social Security benefits subtracted from federal AGI.	Individual taxpayer's pension income is generally taxable.
Iowa	Subtraction allowed equal to 89 percent of federally taxable benefits for tax year 2013. For tax years after 2013, Social Security benefits are fully exempt.	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	For 2012 and thereafter, 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 pension benefits under an employee retirement plan may generally subtract from federal AGI the lesser of: –\$6,000 (reduced by the total amount of the recipient's Social Security benefits and Railroad Retirement benefits paid); or –The aggregate of pension benefits received by the recipient under employee retirement plans and included in the individual's federal AGI.
Maryland	Social Security benefits subtracted from federal AGI.	Up to \$27,800, 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 \$48,302 in pension and retirement income is deductible on a single return (\$96,605 on joint return); however, distributions from certain 401(k) or 403(b) plans are taxable. For individuals who are under 67 and born between 1946 and 1952, or for persons 67 and over, up to \$20,000 is deductible on a single return (\$40,000 on a joint return) in lieu of claiming the social security deduction and personal exemption. Additionally, taxpayers age 65 or older may also be able to deduct part of their interest, dividends and capital gains that are included in AGI. The deduction is limited to a maximum of \$10,767 for single filers and \$21,534 for joint filers.
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. The maximum amount of benefits that may be deducted is 100 percent for 2012 and after. 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.	Married couples with Missouri AGI less than \$32,000 and single individuals with Missouri AGI less than \$25,000, 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 or \$32,000 for married taxpayers filing jointly and \$16,000 for married taxpayers filing separately.	For an individual taxpayer, up to \$3,900 of pension and annuity income is exempt (reduced by \$2 for every \$1 of federal AGI that exceeds \$34,430 or \$36,380 if filing joint return).
Nebraska	State computation begins with federal AGI. No subtraction.	Individual taxpayer's pension income is generally taxable.
Nevada	No individual income tax.	No individual income tax.
New Hampshire	Only dividends and interest are taxable.	Only dividends and interest are taxable.

New Jersey	State computation not based on federal. All Social Security benefits are excluded by statute from gross income.	Married taxpayers filing jointly and age 62 or older with an income of \$100,000 or less may exclude up to \$20,000 of pension or annuity income, or of IRA withdrawals (\$10,000 if an individual taxpayer is married and filing separately or \$15,000 for a single taxpayer, a head of household or a qualifying widow (er)).
New Mexico	State computation begins with federal AGI. No subtraction.	An individual taxpayer age 65 or older may be exempt up to \$8,000 of income, 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	Social Security benefits subtracted from federal AGI.	For an individual taxpayer age 59½ or older, \$20,000 of pension and annuity income is exempt.
North Carolina	Social Security benefits subtracted from federal taxable income.	Prior to the 2014 tax year, up to \$2,000 in retirement benefits, other than railroad retirement benefits, received during the tax year from one or more private retirement plans and included in federal gross income is deductible.  For a married couple filing a joint return, the maximum amount that may be deducted applies separately to the benefits received by each spouse.
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 pension benefits under an employee retirement plan may generally subtract from federal AGI the lesser of: –\$6,000 (reduced by the total amount of the recipient's Social Security benefits and Railroad Retirement benefits paid); or –The aggregate of pension benefits received by the recipient under employee retirement plans and included in the individual's federal AGI.

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 age 65 or older, 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 \$22,000 (\$45,000 for joint filers) may claim a credit for pension income from a public or qualified private pension benefit plan in the amount of 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.	Individual taxpayer's pension income is not taxed if taxpayer eligible to retire and has retired.
Rhode Island	State computation begins with federal taxable income. No subtraction.	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. The personal income tax deduction from taxable retirement income can only be claimed by the taxpayer who is the original owner of a qualified retirement account.
South Dakota	No individual income tax.	No individual income tax.
Tennessee	Only dividends and interest are taxable.	Only dividends and interest are taxable.
Texas	No individual income tax.	No individual income tax.
Utah	State computation begins with federal taxable income. No subtraction.	An eligible retiree age 65 or older is allowed a nonrefundable retirement credit of \$450. An eligible retiree under age 65 is allowed a nonrefundable retirement credit equal to the lesser of \$288 or 6 percent of the eligible retirement income for the taxable year for which the retiree claims the tax credit. These credits 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	Social Security benefits subtracted from federal AGI.	A \$12,000 deduction is available to an individual taxpayer age 75 or older. 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 taxpayers). For a 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	No individual income tax.	No individual income tax.
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	Full exclusion effective beginning in tax year 2008.	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: 2013.