

## **Massachusetts Pensions And Income Taxes in Other States**

JANUARY 2009 – When considering a move outside the Commonwealth, there are naturally several factors a member weighs before making a decision. Among them is whether their contributory pension, which is not subject to tax here, will be taxed by the prospective new homes state.

Currently Fifteen states do not tax Massachusetts Pensions. They are listed in the chart below.

In addition, several states provide tax exemptions or exclusions, for which Massachusetts pension may qualify. For example, Maine offers a pension exemption, while pensioners, 59 ½ or over, may qualify for an exemption in New York.

Unfortunately, there are states that tax Massachusetts pension in full. Connecticut, Rhode Island and Vermont are included in that group.

Since such a disparity exists among the states and tax laws may contain details which could disqualify a retiree, it's strongly suggested you check with the tax official in the particular state to which you are interested in moving.

<b>STATES: NO TAX ON MASSACHUSETTS PENSIONS</b>	
Alabama	New Hampshire*
Alaska*	Pennsylvania
Florida*	South Dakota*
Hawaii	Tennessee*
Illinois	Texas*
Michigan	Washington*
Mississippi	Wyoming*
Nevada*	*Denotes No state income tax

### **UPDATE:**

How the Other Forty Nine State Tax Massachusetts Pensions.

The following table provides a brief outline as to how the other forty-nine state treat Massachusetts pension for income tax purposes. It compares the major features of each state as they relate specifically to Massachusetts pensions, and is not intended to be an exhaustive review of state income tax laws.

If you're interested in a particular state, you should contact the tax officials in that state to obtain any details and/or recent developments.

<b>STATE</b>	<b>TAX TREATMENT OF MASSACHUSETTS PENSIONS</b>
Alabama	MA pensions are tax exempt
Alaska	No personal income tax
Arizona	MA pensions are taxed and do not qualify for a pension exemption
Arkansas	MA pensions qualify for a pension exemption
California	MA pensions are taxed
Colorado	MA pensions qualify for a pension exemption: age 55 to 65 qualify for an exemption; age 65 or older receive a higher exemption
Connecticut	MA pensions are taxed
Delaware	MA pensions qualify for a pension exemption: under age 60 receive an exemption; age 60 or older receive a higher exemption.
District of Columbia	MA pensions are taxed
Florida	No personal income tax
Georgia	MA pensions qualify for a pension exemption. Age 62 or older or totally disabled receive a maximum exemption
Hawaii	MA pensions are tax-exempt
Idaho	MA pensions are taxed
Illinois	MA pensions are tax-exempt
Indiana	MA pensions are taxed
Iowa	MA pensions qualify for the pension exemption: age 55 or older receive an exemption:
Kansas	MA pensions are taxed
Kentucky	MA pensions qualify for a pension exemption:
Louisiana	MA pensions qualify for the pension exemption: age 65 or older qualify for an exemption
Maine	MA pensions qualify for the pension exemption which is reduced by Social Security benefits.
Maryland	MA pensions qualify for the pension exemption, which is first reduced by Social Security benefits. Pensioners must be age 65 or older and/or totally disabled to qualify for the exemptions

Michigan	MA pensions are tax-exempt
Minnesota	MA pensions are taxed
Mississippi	MA pensions are tax-exempt
Missouri	All out-of-state government pensions qualify for the public employee pension exemption
Montana	MA pensions qualify for the pension exemption, which is reduced by \$2 for every \$1 that the federal AGI exceeds \$30,000
Nebraska	MA pensions are taxed
Nevada	No personal income tax
New Hampshire	No personal income tax
New Jersey	All out-of-state government pensions qualify for the pension exemption: age 62 or older or disabled qualifies for the exemption
New Mexico	MA pensions are taxed
New York	MA pensions qualify for the pension exemption; age 59½ or older qualify for an exemption
North Carolina	MA pensions qualify for the public pension exemption
North Dakota	MA pensions are taxed
Ohio	MA pensions can be applied toward a retirement income tax credit.
Oklahoma	MA pensions qualify for the pension exemption
Oregon	All MA pensions can be applied toward a retirement income tax credit
Pennsylvania	MA pensions are tax-exempt provided taxpayer is age 59½ or older
Rhode Island	MA pensions are taxed
South Carolina	MA pensions qualify for the public employee pension exemption
South Dakota	No personal income tax
Tennessee	No personal income tax
Texas	No personal income tax
Utah	MA pensions for those under the age of 65 qualify for the pension exemption; and those age 65 or older qualify for a higher exemption, subject to a \$1 reduction for every \$2 of federal AGI

Vermont	MA pensions are taxed
Virginia	MA pensions are taxed
Washington	No personal income tax
West Virginia	MA pensions qualify for an exemption
Wisconsin	MA pensions are taxed
Wyoming	No personal income tax