

State Income Taxes on Social Security and Other Retirement Income

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Issue

Do the New England states exempt Social Security and retirement income from personal income tax?

New England States Taxation of Social Security and Retirement Income

Of the five New England states that tax wage income, [Maine](#) and [Massachusetts](#) exempt all Social Security income from state personal income taxes. [Connecticut](#), [Rhode Island](#), and [Vermont](#) exempt that portion of Social Security income that the federal government exempts from federal income taxes. But Connecticut and Rhode Island also exempt some or all of the federally taxable Social Security income depending on a taxpayer's adjusted gross income (AGI) and filing status. ([New Hampshire](#) taxes only dividend and interest income.)

The states vary in how they treat retirement income.

- Starting in 2017, [Rhode Island](#) exempts up to \$15,000 of all federally taxable pension and annuity income for taxpayers with AGIs below specified thresholds.
- [Massachusetts](#) exempts federal, state, and local pensions while [Maine](#) exempts some of this income. [Connecticut](#) exempts a portion of teachers' pensions (25% in 2016, and 50% in subsequent tax years).
- [Connecticut](#), [Maine](#), and [Massachusetts](#) fully exempt military pensions.
- [Maine](#) exempts a portion of pension income from specified employer-funded plans.

Table 1 shows whether and how the New England states tax social security and other types of retirement income.

Table 1: Retirement Income Exemptions in Selected States

Retirement Income Exemptions	Selected States				
	Connecticut	Maine	Massachusetts	Rhode Island	Vermont
Private Pensions	None	\$10,000 minus Social Security and Railroad Retirement Income, applicable to income from specified employer-funded plans	None	Maximum \$15,000 exemption applicable to federal taxable pension or annuity income for taxpayers that reached "full retirement age" and with federal AGIs below: <ul style="list-style-type: none"> • \$80,000 for single filers • \$100,00 for joint filers 	None
State and Local Pensions	For teachers pensions, 25% in 2016 and 50% in subsequent years None for other state and municipal pensions	\$10,000 minus Social Security and Railroad Retirement Income	100% for Massachusetts state and municipal pensions Out-of-state pension income exempted if home state exempts Massachusetts pensions	Same as above	None
Federal Civil Service Pensions	None	\$10,000 minus Social Security and Railroad Retirement Income	100%	Same as above	None
Military Pensions	100%	100%	100%	Same as above	None
Social Security	Incorporates federal Social Security exemptions in state AGI Additional exemption: <ul style="list-style-type: none"> • 100% for federal adjusted gross income (AGI) for: <ul style="list-style-type: none"> ○ single filers under \$50,000 or ○ joint filers under \$60,000 • 75% for higher AGIs 	100%	100%	Incorporates federal Social Security exemptions in state AGI Additional exemption equal to the amount of federally taxable Social Security income and for qualifying taxpayers with federal AGIs below: <ul style="list-style-type: none"> • \$80,000 for single filers • \$100,000 for joint filers 	Incorporates federal Social Security exemptions in state AGI

Sources: State revenue department webpages

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