System and hired prior to 1984, and a small number of other state and local government retirees. Federal retirees hired since 1984 and those covered by the Federal Employees' Retirement System are covered under the SSA.

Recipients born between January 1, 1946 and December 31, 1952 who receive pension or retirement benefits from employment with a governmental agency that was not covered by the federal SSA are entitled to a greater retirement/pension deduction or Michigan Standard Deduction. If you or your spouse are SSA exempt this increases your maximum allowable deduction by $15,000.

Answer the questions below to determine if you should check boxes 23C and/or 23F.

Line 23C:

1. Was the older of the filer or spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Continue to question 2.

2. Did the filer receive retirement/pension benefits from a deceased spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Stop. You are not eligible to check box 23C.

3. Did the filer receive SSA Exempt retirement/pension benefits?

Yes: Check box 23C.
No: Continue to question 4.

4. Did the filer receive SSA Exempt surviving spouse benefits?

Yes: Check box 23C.
No: Stop. You are not eligible to check box 23C.

Line 23F:

1. Was the older of the filer or spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Continue to question 2.

2. Did the spouse receive retirement/pension benefits from a deceased spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Stop. You are not eligible to check box 23F.

3. Did the spouse receive SSA Exempt retirement/pension benefits?

Yes: Check box 23F.
No: Continue to question 4.

4. Did the spouse receive SSA Exempt surviving spouse benefits?

Yes: Check box 23F.
No: Stop. You are not eligible to check box 23F.

Line 24: Michigan Standard Deduction. Filers born in 1946, or where the older spouse was born in 1946 if filing a joint return, are eligible for a deduction against all income and will no longer deduct pension and retirement benefits. The deduction is $20,000 for a return filed as single or married, filing separately, or $40,000 for a married, filing jointly return. The standard deduction is reduced by any amounts reported on line 11 and any military pay included on line 14.

If you checked either box 23C or 23F your standard deduction is increased by $15,000. If you checked both boxes 23C and 23F your standard deduction is increased by $30,000.

In most cases, filers who complete line 24 should not complete lines 25 or 26. However, if a filer is the unremarried surviving spouse of a decedent born prior to 1946 who also died after reaching age 65, the filer should check the box below line 26 and may then claim the Michigan standard deduction on line 24 and a deduction for investment income on line 26 (if applicable).

Line 25: Qualifying retirement and pension benefits included in your AGI may be subtracted from income. Pension and retirement benefits are taxed differently depending on the age of the recipient. See "Which Benefits are Taxable" on page 15. You must attach Form 4884. If you were born in 1946, see line 24.

Line 26: Senior citizens born prior to 1946 may subtract interest, dividends, and capital gains included in AGI. This subtraction is limited to a maximum of $10,767 on a single return or $21,534 on a joint return. However, the maximum must be reduced by the retirement pension subtraction claimed on line 25. For assistance, see "Tax Information for Seniors and Retirees" at **michigan.gov/incometax.**

General Information - *Pension Schedule* (Form 4884)

What are Pension and Retirement Benefits (Form 4884)

Under Michigan law, qualifying pension and retirement benefits include most payments that are reported on a 1099-R for federal tax purposes. This includes defined benefit pensions, IRA distributions, and most payments from defined contribution plans. Payments received before the recipient could retire under the provisions of the plan or benefits from 401(k), 457, or 403(b) plans attributable to employee contributions alone are not pension and retirement benefits under Michigan law, are taxable and are subject to withholding.

Qualifying benefits include distributions from the following sources:

- Pension plans that define eligibility for retirement and set contribution and benefit amounts in advance
- Qualified retirement plans for the self-employed
- Retirement distributions from a 401(k) or 403(b) plan attributable to employer contributions or attributable to employee contributions that result in additional employer contributions (e.g., matching contributions)
- IRA distributions received after age 59½ or described by Section 72(t)(2)(A)(iv) of the IRC (series of equal periodic payments made for life)

- Benefits from any of the previous plans received due to a disability, or as a surviving spouse if the decedent qualified for the subtraction at the time of death and was born prior to January 1, 1953
- Benefits paid to a senior citizen (age 65 or older) from a retirement annuity policy that are paid for life (as opposed to a specified number of years).

Qualifying public benefits include distributions from the following sources:

- The State of Michigan
- Michigan local governmental units (e.g., Michigan counties, cities, and school districts)
- Federal civil service.

For public and private pension or retirement benefits, you may not subtract:

- Amounts received from a deferred compensation plan that lets the employee set the amount to be put aside and does not set retirement age or requirements for years of service. These plans include, but are not limited to, plans under Sections 401(k), 457, and 403(b) of the IRC
- Amounts received before the recipient could retire under the plan provisions, including amounts paid on separation, withdrawal, or discontinuance of the plan
- Amounts received as early retirement incentives, unless the incentives were paid from a pension trust.

Which Benefits are Taxable

Pension and retirement benefits are taxed differently depending on the age of the recipient. Married couples filing a joint return should complete the *Michigan Pension Schedule* (Form 4884) based on the year of birth of the older spouse. Military and Michigan National Guard pensions, Social Security benefits and railroad retirement benefits are exempt from tax and should be reported on the Schedule 1, line 11 or line 14.

Who May Claim a Pension Subtraction

- **Recipients born before 1946** may subtract all qualifying pension and retirement benefits received from public sources, and may subtract qualifying private pension and retirement benefits up to $48,302 if single or married filing separate, or $96,605 if married filing a joint return.

  If your public retirement benefits are greater than the maximum amount you are not entitled to claim an additional subtraction for private pensions.

NOTE: In addition to the public retirement benefits listed on the previous page, the private pension limits are also reduced by the following:

  - Military retirement from the U.S. Armed Forces (Schedule 1, line 11)
  - Retirement from the Michigan National Guard (Schedule 1, line 11)
  - Railroad retirement (Schedule 1, line 11).

- **Recipients born in 1946**, do not complete Form 4884. See Schedule 1, line 24.
- **Recipients born during the period 1947 through 1952** will be able to deduct up to $20,000 in qualifying pension and retirement benefits if single or married filing separate or up to $40,000 if married filing a joint return. Generally, all pension or retirement benefits (public and private) are treated the same unless the recipient also has significant benefits from service in the U.S. Armed Forces or Michigan National Guard, or receives taxable railroad retirement benefits. Recipients who deduct military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard, or taxable railroad retirement benefits on Schedule 1, line 11 may have lower deduction limits if these deductions total more than $28,302 on a single return or $56,605 on a joint return. See the instructions for line 8, 16 or 27 of Form 4884, whichever applies, for more information.
- **Recipients born after 1952,** all pension and retirement benefits are taxable and you are not entitled to a pension subtraction.

For help calculating the pension and retirement subtraction, see "Which Part of Form 4884 Should I Complete?," page 16.

Retirement Benefits from a Deceased Spouse

Calculate the amount of deductible retirement benefits received as a survivor of a deceased spouse based on the birth year of the deceased spouse and the filing status of the surviving spouse. Retirement benefits received as a survivor generally have a distribution code of 4 on the federal Form 1099-R. The 1099-R reports

Filing Status	Birth Year	Retirement Benefits Tier	Retirement Benefits Deduction Limits
Single/Separate	Before 1946	Tier 1	All public plus private benefits up to $48,302 combined
Single/Separate	**1946 through 1952	Tier 2	$20,000
Single/Separate	After 1952	Tier 3	No deduction
***Joint**	Before 1946	Tier 1	All public plus private benefits up to $96,605 combined
***Joint**	**1946 through 1952	Tier 2	$40,000
***Joint**	After 1952	Tier 3	No deduction

*** On a joint return, determine the eligibility for deducting retirement benefits using the age of the older spouse.**

**** Taxpayers born in 1946: Do not deduct retirement benefits but you are eligible for the Michigan Standard Deduction. See Schedule 1, line 24 instructions.**

retirement benefits to the Internal Revenue Service and it is sent by the pension administrator paying the benefits. **Example 1:** A single filer who receives retirement benefits as the surviving spouse of a decedent born in 1947 (tier 2) would be able to subtract up to $20,000 in qualified retirement benefits received from the deceased spouse.

Example 2: A married filer who receives retirement benefits as the surviving spouse of a decedent born in 1942 (Tier 1) would be able to subtract all public retirement benefits received from the deceased spouse and private retirement benefits received up to $96,605, reduced by any public benefits received from the deceased spouse. Generally, any retirement benefits deducted as a survivor reduce the amount of other retirement benefits that may be deducted.

Example 3: If the filer in Example 1 was born in 1948 (Tier 2), any retirement benefits received from the deceased spouse that are deductible will reduce the filer's maximum deduction for retirement benefits of $20,000.

NOTE: Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 1 complete Part B of Form 4884. Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 2 complete Part C of Form 4884.

Line-by-Line Instructions for *Pension Schedule* (Form 4884)

For help calculating the pension and retirement subtraction, see "Pension and Retirement Benefits – 2013" at **www.michigan.gov/incometax.**

NOTE: For purposes of this form, single limits apply to taxpayers who are married filing separately.

Lines not listed are explained on the form.

Lines 1, 2, and 3: Enter your name(s) and Social Security number(s). If you are married, filing separate returns, enter both Social Security numbers, but do **not** enter your spouse's name.

Lines 4 and 5: Enter your year(s) of birth. If you are married and filing separately, do not enter your spouse's year of birth.

Line 6: Enter deceased spouse name, Social Security number and year of birth. If deceased spouse was born after December 31, 1952, STOP; you may not deduct retirement benefits from the deceased spouse. If you are filing your final joint tax return because your spouse died during the tax year, do not complete line 6 or check box 7B.

Note: When completing Form 4884, surviving spouse means the deceased spouse died prior to the current tax year (e.g. when filing a 2013 return the spouse died in 2007). Deceased spouse benefits do not include benefits from a spouse who died in 2013.

Line 7: If you have more than ten qualifying entries, continue those entries on the *2013 Michigan Pension Continuation Schedule* (Form 4973). DO NOT include benefits from anyone born after 1952, with the exception of benefits to a spouse on a joint return.

Line 7B: For each qualifying pension and retirement benefit attributable to a deceased spouse put an "X" in column 7B. See instructions for line 6 above for more information on deceased spouse benefits.

Line 7C: If an individual has multiple retirement and pension benefits from the same Payer FEIN and distribution code, combine those amounts on the same line.

Line 7D: List the distribution code from box 7 of the federal Form 1099-R.

Line 7F: Include the taxable amount of retirement or pension reported in federal AGI. If you are a part-year resident only use the portion from the Michigan Schedule NR, line 10 column B.

Line 8: If you or your spouse reported any retirement and pension benefits from service in the U.S. Armed Forces, the Michigan National Guard or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limits. For purposes of this line, single limits apply to taxpayers who are married filing separately.

Which Part of Form 4884 Should I Complete?

Using the information from line 7, complete Part A, Part B or Part C. To determine which part of the form to complete, answer the following questions.

1. Were pension or retirement benefits received by a filer or spouse (if married, filing jointly) born prior to January 1, 1953, or were surviving spouse benefits received for a deceased spouse who was born prior to January 1, 1953 and died prior to January 1, 2013?

Yes: Continue to question 2.
No: You are not eligible for a pension or retirement benefits subtraction. Do not file Form 4884.

2. Was the older of filer or spouse (if married, filing jointly) born between January 1, 1946 and December 31, 1946?

Yes: Do not file Form 4884. Use Schedule 1, Line 24 (see instructions, page 14).
No: Continue to question 3.

3. Was older of filer or spouse (if married, filing jointly) born prior to January 1, 1946?

Yes: Complete Part A of Form 4884.
No: Continue to question 4.

4. Is filer or spouse (if married, filing jointly) receiving benefits from a deceased spouse who was born prior to January 1, 1946 and died prior to January 1, 2013?

Yes: Complete Part B of Form 4884.
No: Complete Part C of Form 4884.

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884, and are only used to reduce the allowable deduction for private retirement and pension benefits. For example, if a joint filer born in 1945 received $30,000 in retirement benefits from service in the U.S. Armed Forces the allowable private deduction limit reported on line 8 would be $96,605 - $30,000 = $66,605.

Line 12: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Line 15: Carry this amount to Schedule 1, line 25, do not complete Part B or Part C.

Line 16: If you or your spouse received and reported any retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard on Schedule 1, line 11 or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limit here. If you have deductions on Schedule 1, line 11, also subtract any **public** pension benefits reported on Form 4884, line 7 and received by you and your spouse from the allowable private pension limit; **do not subtract benefits received from a deceased spouse.**

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884 and are only used to reduce the allowable deduction for private retirement and pension benefits.

Line 22: Do not include benefits received from a deceased spouse (who died prior to 2013).

Line 23: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Line 26: Carry this amount to Schedule 1, line 25. Do not complete Part A or Part C.

Line 27: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Taxpayers who were born after 1946 who are receiving benefits from a deceased spouse who was born during 1946 should also use Part C to calculate the deduction for retirement and pension benefits. Benefits received due to individuals born after 1952 are not deductible.

If you deducted military retirement benefits on Schedule 1, line 11, or taxable railroad retirement benefits on Schedule 1, line 11, your deduction for retirement or pension benefits received from a private source may be reduced.

To determine your allowable subtraction, use Worksheet 2 below if you have taxable railroad retirement benefits or qualifying pension and retirement benefits from service in the U.S. Armed Forces or Michigan National Guard and you are completing Part C of Form 4884.

Carry this amount to Schedule 1, line 25, do not complete Part A or Part B.

Worksheet 2 for Filers with Taxable Railroad Retirement Benefits or Qualifying Pension and Retirement Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Part C of Form 4884

1. Enter military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard and taxable railroad retirement benefits reported on Schedule 1, line 11.	1.		00
2. Enter public retirement and pension benefits reported on Form 4884, line 7.	2.		00
3. Add lines 1 and 2.	3.		00
4. Enter private retirement and pension benefits reported on Form 4884, line 7.	4.		00
5. Enter $48,302 if single or $96,605 if filing jointly.	5.		00
6. Subtract line 3 from line 5. If less than zero, enter $0.	6.		00
7. Enter the smaller of line 4 or line 6.	7.		00
8. Add line 2 and line 7.	8.		00
9. Enter $20,000 if single or $40,000 if filing jointly. Higher limits apply if you checked Schedule 1, box 23C or 23F (see line 11 below).	9.		00
10. Enter the smaller of line 8 or line 9 here and on Form 4884, line 27.	10.		00
Calculation for filers with benefits from employment exempt from the Social Security Act			
11. Enter $20,000 if single or $40,000 if filing jointly.	11.		00
12. If you checked box 23C or 23F on Schedule 1, enter $15,000 for each box checked.	12.		00
13. Add line 11 and line 12. This is your maximum deduction for line 9 of this Worksheet.	13.		00

Scenario 1: Single filer born between 1947 and 1952 (Tier 2) with retirement/pension benefits.

Henry is filing as single. He was born in 1950 and is receiving a private pension of $25,000 with a distribution code of 7.

Step 1:	After completing lines 1 and 2, Henry enters 1950 on line 4.		
Step 2:	He completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E, and $25,000 in 7F.	Line 7F, Row 1........	$25,000
Step 3:	Henry refers to the questionnaire on page 16 to decide whether Part A, B or C of Form 4884 is to be completed. • Henry answers yes to question 1 as he was born prior to January 1, 1953. • He answers no to question 2 because he was not born in 1946. • He answers no to question 3 because he was not born prior to January 1, 1946. • He answers no to question 4 because he is not receiving benefits from a deceased spouse. Based on his answers he completes Part C of Form 4884.		
Step 4:	Since he is single and his total pension benefits are over the maximum allowed, Henry enters the maximum of $20,000 on line 27 and on the Schedule 1, line 25.	Line 27. .... Schedule 1, Line 25........	$20,000 $20,000

Scenario 2: Joint filer with the older spouse born prior to January 1, 1946 (Tier 1) with private and public retirement/pension benefits.

Jerry and Beverly are filing a joint return. Jerry was born in 1943 and is receiving a public pension of $40,000 with a distribution code of 7. Beverly was born in 1946 and is receiving a private pension of $60,000 with a distribution code of 7.

Step 1:	After completing lines 1 through 3, Jerry and Beverly enter 1943 on line 4 and 1946 on line 5.		
Step 2:	They complete row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and $40,000 in 7F.	Line 7F, Row 1........	$40,000
	They complete row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and $60,000 in 7F	Line 7F, Row 2........	$60,000
Step 3:	Jerry and Beverly refer to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. They answer yes to question 1, no to question 2, yes to question 3 and complete Part A of Form 4884.		
Step 4:	They enter $96,605 on line 8 as they are married filing jointly.	Line 8.	$96,605
Step 5:	They enter $40,000 on line 9, the total of their public pension benefits.	Line 9.	$40,000
Step 6:	They subtract line 9 from line 8 and enter $56,605 on line 10.	Line 10.	$56,605
Step 7:	They enter $60,000 on line 11, the total of their private pension benefits.	Line 11	$60,000
Step 8:	They leave line 12 blank as it does not apply to them	Line 12	Leave blank
Step 9:	They enter $60,000 on line 13, the total of lines 11 and 12.	Line 13.	$60,000
Step 10:	They enter $56,605, the smaller of lines 10 or 13.	Line 14.	$56,605
Step 11:	They add lines 9 and 14, enter $96,605 on line 15 and carry this amount to Schedule 1, line 25.	Line 15. .... Schedule 1, Line 25........	$96,605 $96,605

Scenario 3: Married, filing separately with filer born between 1947 and 1952 (Tier 2) and separated spouse born prior to January 1, 1946 (Tier 1).

James and Phyllis are married filing separately. James was born in 1951 and is receiving a public pension of $50,000. Phyllis was born in 1941 and is receiving a public pension of $45,000.

Step 1:	As James is married filing separately, he completes lines 1 and 2, leaves the spouse's name line blank, and includes the spouse's Social Security number on line 3.		
Step 2:	James enters 1951 on line 4 and skips line 5.		
Step 3:	He completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and $50,000 in 7F.	Line 7F, Row 1	$50,000
Step 4:	James refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. He answers yes to question 1, no to question 2, no to question 3 because the separated spouse's year of birth is not relevant, no to question 4 and completes Part C of Form 4884.		
Step 5:	Since he is married, filing separately and his total pension benefits are over the maximum allowed, James enters the maximum of $20,000 on line 27 and on the Schedule 1, line 25.	Line 27. .... Schedule 1, Line 25..................	$20,000 $20,000

Scenario 4: Joint filers, with the older spouse born prior to January 1, 1946 (Tier 1) who died during the tax year with private pension benefits.

Bob and Mary are filing a joint return. Bob, born in 1944, has a private pension of $30,000. Bob died on October 15, 2013. Bob received a 1099-R for $25,000 with a distribution code of 7 and Mary received a 1099-R for $5,000 with a distribution code of 4 for the remainder of Bob's pension. Mary, born in 1952, is receiving a public pension of $70,000 with a distribution code of 7.

Step 1:	After completing lines 1 through 3, Mary enters 1944 on line 4 and 1952 on line 5. Mary does not complete line 6 or check 7B because Bob died during the current tax year.		
Step 2:	Mary completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and $25,000 in 7F.	Line 7F, Row 1.	$25,000
	She completes row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 4 in 7D, the name of payer in 7E, and $5,000 in 7F	Line 7F, Row 2.	$5,000
	She completes row 3 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and $70,000 in 7F	Line 7F, Row 3.	$70,000
Step 3:	Mary refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. She answers yes to question 1, no to question 2, yes to question 3 and completes Part A of Form 4884.		
Step 4:	She enters $96,605 on line 8 as she is filing jointly	Line 8......................................	$96,605
Step 5:	She enters $70,000, her public pension, on line 9........................	Line 9......................................	$70,000
Step 6:	She subtracts line 9 from line 8 and enters $26,605 on line 10.....	Line 10....................................	$26,605
Step 7:	She enters $30,000, the total private pension benefits, on line 11.	Line 11.	$30,000
Step 8:	Mary leaves line 12 blank as Bob is not considered a deceased spouse for purposes of this return; they are filing jointly.	Line 12....................................	leave blank
Step 9:	Mary enters $30,000 on line 13, the total of lines 11 and 12.........	Line 13....................................	$30,000
Step 10:	She enters $26,605, the smaller of lines 10 or 13.........................	Line 14....................................	$26,605
Step 11:	She adds lines 9 and 14, enters $96,605 on line 15 and carries this amount to Schedule 1, line 25.	Line 15.................................... Schedule 1, Line 25.	$96,605 $96,605

Scenario 5: Single filer born between 1947 and 1952 (Tier 2) receiving surviving benefits from a deceased spouse born in 1939 (Tier 1).

Alice, born in 1947, is a surviving spouse filing a single return. Her deceased husband Miguel was born in 1939 and died in 2010. Alice has public pension benefits of $37,500 and is also receiving surviving spouse benefits from Miguel's public pension of $69,000.

Step 1:	After completing lines 1 and 2, Alice enters 1947 on line 4. Alice is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Miguel's full name on line 6a, his Social Security number on line 6b, and 1939 on line 6c.		
Step 2:	She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $37,500 in 7F.	Line 7F, Row 1.	$37,500
	She completes row 2 of line 7 by entering an X in Public for 7A, entering an X in 7B, the payer FEIN in 7C, the distribution code of 4 in 7D, the name of payer in 7E, and $69,000 in 7F.	Line 7F, Row 2	$69,000
Step 3:	Alice refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, yes to question 4 and completes Part B of Form 4884.		
Step 4:	She enters $48,302 on line 16 because she is filing single.	Line 16.	$48,302
Step 5:	She enters $69,000, public benefits received from her deceased spouse, Miguel, on line 17.	Line 17.	$69,000
Step 6:	Since line 17 is more than line 16, she enters zero on line 18	Line 18.	$0
Step 7:	She leaves line 19 blank because she is not receiving private benefits from her deceased spouse.	Line 19.	leave blank
Step 8:	She enters the smaller of lines 18 or 19, she enters zero on line 20 .	Line 20.	$0
Step 9:	Alice adds lines 17 and 20 and enters $69,000 on line 21.	Line 21.	$69,000
Step 10:	She enters $37,500 on line 22, the total of her benefits	Line 22.	$37,500
Step 11:	Alice enters $20,000 on line 23 as she is filing single	Line 23.	$20,000
Step 12:	Since line 21 is more than line 23 she enters zero on line 24	Line 24.	$0
Step 13:	She enters the smaller of lines 22 or 24, zero, on line 25.	Line 25.	$0
Step 14:	Alice adds lines 21 and 25 and enters $69,000 on line 26 and Schedule 1, line 25	Line 26. .... Schedule 1, Line 25	$69,000 $69,000

Scenario 6: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1944 (Tier 1).

Howard and Georgia are filing a joint return. Howard, born in 1953, is receiving a private pension of $40,000. Georgia was born in 1955. Howard's deceased spouse, Edith, was born in 1944 and died in 2006. Howard is receiving $30,000 in surviving spouse pension benefits from Edith's private pension.

Step 1:	After completing lines 1 through 3, Howard and Georgia enter 1953 on line 4 and 1955 on line 5. Howard is receiving pension benefits from a deceased spouse so he then completes line 6. He enters Edith's full name on line 6a, her Social Security number on line 6b, and 1944 on line 6c.		
Step 2:	As Howard and Georgia were both born in Tier 3 their pension benefits are not deductible and should not be listed on line 7 of Form 4884. They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $30,000 in 7F.........	Line 7F.................................	$30,000
Step 3:	They refer to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, yes to question 4 and complete Part B of Form 4884.		
Step 4:	They enter $96,605 on line 16 as they are filing joint.	Line 16.................................	$96,605
Step 5:	They leave line 17 blank because they are not receiving public benefits from Edith.	Line 17.................................	leave blank
Step 6:	They subtract line 17 from line 16 and enter $96,605 on line 18.	Line 18.................................	$96,605
Step 7:	They enter $30,000, public benefits received from Howard's deceased spouse, Edith, on line 19...	Line 19.................................	$30,000
Step 8:	They enter the smaller of lines 18 or 19, $30,000, on line 20.	Line 20.................................	$30,000
Step 9:	Howard and Georgia add lines 17 and 20 and enter $30,000 on line 21.	Line 21.................................	$30,000
Step 10:	Since Howard and Georgia are born in Tier 3 and do not have deductible benefits they would leave line 22 blank.	Line 22.................................	leave blank
Step 11:	They enter $40,000 on line 23 as they are filing joint............	Line 23.................................	$40,000
Step 12:	Since line 21 is less than line 23 they enter $10,000 on line 24.	Line 24.................................	$10,000
Step 13:	They enter the smaller of lines 22 or 24, zero, on line 25.	Line 25.................................	$0
Step 14:	They add lines 21 and 25 and enter $30,000 on line 26 and Schedule 1, line 25.	Line 26................................. Schedule 1, Line 25	$30,000 $30,000

Scenario 7: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1949 (Tier 2).

Mark and Nancy are filing a joint return. Mark, born in 1953, is receiving a private pension of $25,000. Nancy was born in 1953. Nancy's deceased spouse, Eduardo, was born in 1949 and died in 2008. Nancy is receiving $35,000 in surviving spouse pension benefits from Eduardo's private pension.

Step 1: After completing lines 1 through 3, Mark and Nancy enter 1953 on line 4 and 1953 on line 5. Nancy is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Eduardo's full name on line 6a, his Social Security number on line 6b, and 1949 on line 6c.

Step 2: As Mark and Nancy were both born in Tier 3 Mark's pension is not deductible and should not be listed on line 7 of Form 4884.

They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $35,000 in 7F.

Line 7, Row 1............................. $35,000

Step 3: They refer to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, no to question 4 and complete Part C of Form 4884.

Step 4: They are married, filing jointly and enter the total of their benefits from line 7 of $35,000, since it is less than the maximum of $40,000, on line 27 and on the Michigan Schedule 1, line 25. ....

Line 27....................................... $35,000

Schedule 1, Line 25.................. $35,000

Scenario 8: Single filer born between 1947 and 1952 (Tier 2) with SSA exempt benefits.

Monique is filing as single. She was born in 1950 and is receiving a pension of $25,000 as a retired firefighter.

Step 1: After completing lines 1 and 2, Monique enters 1950 on line 4.

Step 2: She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and the $25,000 in 7F.

Line 7, Row 1.............................. $25,000

Step 3: She refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, no to question 4 and completes Part C of Form 4884.

Step 4: Since she is single and receiving benefits from employment that was SSA exempt her maximum allowable pension deduction is increased from $20,000 to $35,000. She would enter $25,000, the lesser of her total retirement and pension benefits or the maximum allowable pension deduction, on line 27 and on the Schedule 1, line 25.

NOTE: It is important for taxpayers with benefits that were SSA exempt to check the box(es) on line 23 of the Schedule 1.

Line 27....................................... $25,000

Schedule 1, Line 23

23A. 1950

23B. 63

23C. X

Schedule 1, Line 25................... $25,000

Scenario 9: Filer and spouse both born in Tier 2 with the older spouse born in 1946.

William and Betty are Michigan residents and are filing a joint return. William, born in 1951, is receiving public pension benefits of $10,000 and wages from a part-time job. Betty, born in 1946, is receiving private pension benefits of $20,000.

Step 1: As the older of William and Betty was born in 1946 (age 67 in 2013), they do not complete Form 4884 and instead complete Schedule 1, lines 23 and 24 for the Michigan Standard Deduction. This standard deduction applies against all income (pension, wages, interest, etc.). ....

Do not file Form 4884.

Scenario 10: Filer and spouse both born after December 31, 1952.

Scott and Lisa are filing a joint return. Scott, born in 1954, is receiving public pension benefits of $30,000. Lisa, born in 1957, is receiving an IRA distribution (private pension) of $20,000.

Step 1: As both Scott and Lisa were born after December 31, 1952, they are not entitled to a pension subtraction and do not complete Form 4884... Do not file Form 4884.

General Information - *Homestead Property Tax Credit* (MI-1040CR)

The request for your Social Security number is authorized under USC Section 42. Social Security numbers are used by Treasury to conduct matches against benefit income provided by the Social Security Administration and other sources to verify the accuracy of the home heating credit and property tax credit claims filed and to deter fraudulent filings.

Who May Claim a Property Tax Credit

You may claim a property tax credit if all of the following apply:

- Your homestead is located in Michigan
- You were a Michigan resident at least six months of 2013
- You pay property taxes or rent on your Michigan homestead
- You were contracted to pay rent or own the home you live in.

You can have only one **homestead** at a time, and you must be the occupant as well as the owner or renter. Your homestead can be a rented apartment or a mobile home on a lot in a mobile home park. A vacation home or income property is **not** considered your homestead.

Your homestead is in your state of **domicile**. Domicile is the place where you have your permanent home. It is the place to which you plan to return whenever you go away. College students and others whose permanent homes are not in Michigan are **not** Michigan residents. Domicile continues until you establish a new permanent home.

Property tax credit claims may **not** be submitted on behalf of minor children.

You may not claim a property tax credit if your total household resources are over $50,000. In addition, you may not claim a property tax credit if your taxable value exceeds $135,000 (excluding vacant farmland classified as agricultural). The computed credit is reduced by 10 percent for every $1,000 (or part of $1,000) that total household resources exceed $41,000. If filing a part-year return, you must annualize total household resources to determine if the income limitation applies. See "Annualizing Total Household Resources" on page 26.

Which Form to File

Most filers should use the MI-1040CR in this booklet. If you are blind and own your homestead, are in the active military, are an eligible veteran, or an eligible veteran's surviving spouse, complete forms MI-1040CR and MI-1040CR-2 (available on Treasury's Web site.) **Use the form that gives you a larger credit.** If you are blind and rent your homestead, you cannot use MI-1040CR-2. Claim your credit on MI-1040CR and check box 5b if you are age 65 or younger; otherwise, check box 5a.

When to File

If you are not required to file an MI-1040, you may file your credit claim as soon as you know your 2013 total household resources and property taxes levied in 2013. If you file a Michigan income tax return, your credit claim should be attached to your MI-1040 return and filed by April 15, 2014 to be considered timely. To avoid penalty and interest, if you owe tax, postmark no later than April 15, 2014. The filing deadline to receive a 2013 property tax credit is April 17, 2018.

Amending Your Credit Claim

File a new claim form and write "Amended" across the top of the form. You must do this within four years of the date set for filing your original income tax return.

Delaying Payment of Your Property Taxes

Senior citizens, disabled people, veterans, surviving spouses of veterans, and farmers may be able to delay paying property taxes. Contact your local or county treasurer for more information.

Total Household Resources

Total household resources are the total income (taxable and nontaxable) of both spouses or of a single person maintaining a household. They are AGI, excluding net business and farm losses, net rent and royalty losses, and any carryover of a net operating loss, plus all income exempt or excluded from AGI. **Total household resources includes the following items not listed on the form:**

- Capital gains on sales of your residence regardless of them being exempt from federal Income Tax
- Scholarship, stipend, grant, or GI bill benefits and payments made directly to an educational institution
- Compensation for damages to character or for personal injury or sickness
- An inheritance (except an inheritance from your spouse)
- Proceeds of a life insurance policy paid on the death of the insured (except benefits from a policy on your spouse)
- Death benefits paid by or on behalf of an employer
- Minister's housing allowance
- Forgiveness of debt, even if excluded from AGI (e.g., mortgage foreclosure)
- Reimbursement from dependent care and/or medical care spending accounts
- Payments made on your behalf, except government payments, made directly to third parties such as an educational institution or subsidized housing project.