

**INCOME TAX CHANGES FOR RETIREMENT BENEFITS
EFFECTIVE FOR TAX YEAR 2012 (FOR RETURNS FILED IN 2013)**

For joint returns, the age of the oldest spouse determines the age category that will apply to the pension and retirement benefits of both spouses regardless of the age of the younger spouse.

Updated: January 23, 2012

Taxpayers born before 1946	Taxpayers born 1946 to 1952	Taxpayers born after 1952
<p align="center">No change in current law</p> <ul style="list-style-type: none"> ▪ Social Security is exempt. ▪ Senior citizen subtraction for interest, dividends and capital gains is unchanged. ▪ Public pensions exempt. ▪ For 2012 private pensions subtract up to \$47,309 for single filers and \$94,618 for joint filers. 	<p align="center">Before the taxpayer reaches age 67</p> <ul style="list-style-type: none"> ▪ Social Security is exempt. ▪ Railroad pension is exempt. ▪ Military pension is exempt. ▪ Not eligible for the senior citizen subtraction for interest, dividends and capital gains. ▪ Public and private pension limited subtraction of \$20,000 for single filers or \$40,000 for joint filers. <p align="center">After the taxpayer reaches age 67 [WILL FIRST OCCUR IN 2013]</p> <ul style="list-style-type: none"> ▪ Social Security is exempt. ▪ Railroad pension is exempt (but see below). ▪ Military pension is exempt (but see below). ▪ Not eligible for senior citizen subtraction for interest, dividends and capital gains. ▪ Subtraction against all income of \$20,000 for single filers and \$40,000 for joint filers. <ul style="list-style-type: none"> • Not eligible for this income subtraction if choosing to claim a military or tier 2 railroad pension exemption. 	<p align="center">Before the taxpayer reaches age 67</p> <ul style="list-style-type: none"> ▪ Social Security is exempt. ▪ Railroad pension is exempt. ▪ Military pension is exempt. ▪ Not eligible for the senior citizen subtraction for interest, dividends and capital gains. ▪ Not eligible for public or private pension subtraction. <p align="center">After the taxpayer reaches age 67 [WILL FIRST OCCUR IN 2020]</p> <ul style="list-style-type: none"> ▪ Not eligible for senior citizen subtraction for interest, dividends and capital gains. ▪ Not eligible for public or private pension subtraction. ▪ Income exemption election: <ul style="list-style-type: none"> ▪ ELECT exemption against all income of \$20,000 for single filers or \$40,000 for joint filers <ul style="list-style-type: none"> ▪ No exemption for Social Security, military or railroad retirement. ▪ No personal exemptions. <p align="center">*OR*</p> <ul style="list-style-type: none"> ▪ ELECT to exempt Social Security, military and railroad pension. May claim personal exemptions.