

of \$20,000 for a return filed as single or married filing separately, or \$40,000 for a married filing joint return. To determine your deduction, complete Worksheet 2 and enter the result on this line. This worksheet ensures the taxpayer receives the maximum benefit allowed.

Worksheet 2 has been set up such that a taxpayer claiming the Tier 3 Michigan Standard Deduction will still complete the personal exemption and applicable subtractions normally.

If you are a surviving spouse who has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died, you are eligible for your standard deduction. However, you may elect to take the retirement and pension benefits subtraction based on your older deceased spouse's year of birth subject to the limits available for a single filer. To elect the retirement and pension benefits subtraction instead of your standard deduction, see "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" on page 18.

In most cases, taxpayers who are eligible to complete line 24 do not complete lines 23, 25 or 26. However, if a taxpayer is the unremarried surviving spouse of a decedent born prior to 1946 who also died after reaching age 65, check the box below line 26 to claim both the Tier 3 Michigan standard deduction on line 24 and a dividend/interest/capital gains deduction on line 26 (if applicable).

**Note:** Nonresidents and part-year residents, complete Worksheet 2 as follows:

**Line 2:** Enter total military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard or taxable railroad retirement benefits included in AGI. Do not enter only the portion attributable to Michigan.

**Line 3:** Enter total taxable social security benefits or military pay included in AGI. Do not enter only the portion attributable to Michigan.

**Line 4:** Multiply MI-1040, lines 9a and 9d by the percentage from Schedule NR, line 18.

**Line 25:** Qualifying retirement and pension benefits included in your AGI may be subtracted from income. Retirement and pension benefits are taxed differently depending on the age of the recipient. See "Which Benefits are Taxable".

You must include Form 4884. If you were born during the period January 1, 1946 through January 1, 1954, see lines 23 or 24.

**Line 26: Senior citizens** born prior to 1946 (or the unremarried surviving spouse of a decedent born prior to 1946 who also died after reaching age 65) may subtract interest, dividends, and capital gains included in AGI. This subtraction is limited to a maximum of \$11,983 on a single return or \$23,966 on a joint return, which must be reduced by any deduction for:

- Military (including Michigan National Guard) retirement benefits from line 11
- Railroad retirement benefits from line 11
- Public and private retirement and pension benefits from line 25
- Amount used for the federal credit for the elderly and totally and permanently disabled from line 21.

For further assistance, go to [www.michigan.gov/incometax](http://www.michigan.gov/incometax).

**Line 28: Michigan Net Operating Loss.** You may only deduct the Michigan NOL. Your Michigan NOL carryforward entered on this line for the current year must already be reduced by the prior year's adjustments as required under IRC 172 if those adjustments are attributable to Michigan (see MI-1045 instructions). You must include Form MI-1045 and all required documentation for each loss year, including the U.S. Form 1040 and supporting federal schedules and statements.

## General Information - Pension Schedule (Form 4884)

### What are Retirement and Pension Benefits

Under Michigan law, qualifying retirement and pension 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 retirement and pension 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. For exceptions see "Retirement Benefits from a Deceased Spouse" on page 17.
- 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)
- Foreign retirement and pension benefits that meet Michigan's qualifications may also be eligible.

**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.

Retirement and pension benefits that are transferred from one plan to another (rolled over) continue to be treated as if they remained in the original plan.

**For public and private retirement or pension benefits, you may not subtract (do not include on Form 4884):**

- 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.

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**Which Benefits are Taxable**

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

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**Who May Claim a Pension Subtraction**

**Tier 1**

- **Recipients born before 1946** may subtract all qualifying retirement and pension benefits received from federal or Michigan public sources, and may subtract qualifying private retirement and pension benefits up to \$53,759 if single or married filing separate, or \$107,517 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 above, the private pension limits are also reduced by the following from Schedule 1, line 11:

- Military retirement from the U.S. Armed Forces
- Retirement from the Michigan National Guard
- Railroad retirement.

**Tier 2**

- **Recipients born during the period January 1, 1946 through December 31, 1952**, do not complete Form 4884. See the Tier 2 Michigan Standard Deduction on Schedule 1, line 23.

**Exception:** If you are a surviving spouse who has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died, you may elect to take the retirement and pension benefits subtraction based on the older deceased spouse's year of birth subject to the limits available for a single filer instead of your standard deduction.

**Tier 3**

- **Recipients born during the period January 1, 1953 through January 1, 1954**, do not complete Form 4884. See the Tier 3 Michigan Standard Deduction on Schedule 1, line 24.

**Exception:** If you are a surviving spouse who has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died, you may elect to take the retirement and pension benefits subtraction based on the older deceased spouse's year of birth subject to the limits available for a single filer instead of your standard deduction.

- **Recipients born after January 1, 1954 but before January 2, 1959 who have reached age 62 and receive retirement benefits from employment exempt from Social Security** may deduct up to \$15,000 in qualifying retirement and pension benefits. If both spouses on a joint return receive Social Security exempt retirement benefits, the maximum deduction increases to \$30,000. See Form 4884, line 29 instructions for more information.
- **Recipients born after January 1, 1954, received retirement benefits from SSA exempt employment, and were retired as of January 1, 2013** may deduct up to \$35,000 in qualifying retirement and pension benefits if single or married filing separately or \$55,000 if married filing a joint return. If both spouses on a joint return qualify, the maximum deduction increases to \$70,000.
- **All other recipients born after January 1, 1954**, all retirement and pension benefits are taxable and you are not entitled to a pension subtraction.

For help calculating the retirement and pension subtraction, see "*Which Section of Form 4884 Should I Complete?*" on page 19.

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**Retirement Benefits from a Deceased Spouse**

Retirement benefits received as a survivor generally have a distribution code of 4 on the federal Form 1099-R. The 1099-R reports retirement benefits to the Internal Revenue Service and it is sent by the pension administrator paying the benefits.

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.

If the surviving spouse was born during the period January 1, 1946 through January 1, 1954 and has reached the age of 67, typically the retirement and pension benefits subtraction cannot be claimed on Form 4884 because the surviving spouse would claim a standard deduction on the Schedule 1. Except, the surviving spouse may elect to continue to claim the retirement and pension benefits subtraction on Form 4884 if the surviving spouse was born during the period January 1, 1946 through January 1, 1954 and has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died. Refer to the following section "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" for further instruction.

**Example 1:** 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 \$107,517, 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 2:** A single filer who receives retirement benefits as the surviving spouse of a decedent born in 1952 (Tier 2) would be able to subtract up to \$20,000 in qualified retirement benefits received from the deceased spouse.

**NOTE for Tier 3 filers:** Filers born after January 1, 1954 receiving survivor benefits from a deceased spouse born in Tier 1 complete Section B of Form 4884. Filers born after January 1, 1954 receiving survivor benefits from a deceased spouse born in Tier 2 complete Section C of Form 4884. Filers born after January 1, 1954 and receiving SSA exempt survivor benefits from a deceased spouse in Tier 3 complete “Which Section of Form 4884 Should I Complete?” on page 19.

**Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses**

If you are a surviving spouse who was born after 1945 and has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died, you may elect to claim the **larger** of either:

- (a) Your Michigan Standard Deduction **or**
- (b) The retirement and pension benefits subtraction based on the older deceased spouse’s year of birth subject to the limits available for a single filer.

The “Which Deduction Do I Claim?” guide may be used for assistance. Use the following instructions to complete the guide. To determine the amount for (a), follow the instructions based on your year of birth for either Schedule 1, line 23 or 24 on page 15. To determine the amount for (b), follow the instructions in the list below. For a surviving spouse of a:

- **Decedent born before 1946 (Tier 1):** Complete Form 4884 by checking the box on line 7d and completing Section A. See scenarios 2 and 3 on pages 22 and 23.
- **Decedent born during the period January 1, 1946 through December 31, 1952 (Tier 2):** Complete Form 4884 by checking the box on line 7d and completing Section C.

**Which Deduction Do I Claim?**

Claim the larger deduction.

**Note:** Taxpayers checking box 7d on Form 4884, do not complete “Which Section of Form 4884 Should I Complete ?”

a. Enter your Michigan Standard Deduction based on **your year of birth**..... \_\_\_\_\_

b. Enter the retirement and pension benefits deduction based on **your older deceased spouse’s year of birth**.... \_\_\_\_\_

When (a) is larger, claim your Michigan Standard Deduction on Schedule 1 and do not submit Form 4884.

When (b) is larger, submit Form 4884 with a complete filing. Refer to Form 4884, line 7d instructions on page 19.

- **Decedent born after 1952 (Tier 3), had reached age 62 and received retirement benefits from employment exempt from Social Security in the year they died:** Complete Form 4884 by checking the box on line 7d and completing Section D.
- **Decedent born after 1952 (Tier 3), who received retirement benefits from employment exempt from Social Security in the year they died, and had retired as of January 1, 2013:** Complete Form 4884 by checking the boxes on lines 6 and 7d and completing Section C.

<b>Retirement Benefits Deduction</b>		
<b>Tier 1</b> Taxpayers born before 1946	<b>Tier 2</b> Taxpayers born 1946 through 1952	<b>Tier 3</b> Taxpayers born after 1952
All public benefits received and private benefits up to \$53,759 for a single or married filing separate return or \$107,517 for a joint return	† No retirement deduction on Form 4884. See Tier 2 Michigan Standard Deduction on Schedule 1, line 23	Before Reaching Age 67: * † No deduction After Reaching Age 67: † No retirement deduction on Form 4884. See Tier 3 Michigan Standard Deduction on Schedule 1, line 24
* Taxpayers in Tier 3 who receive pension benefits from employment with governmental agencies not covered by the Social Security Act may be eligible for a pension deduction. See instructions for Form 4884, line 28 and line 29. † Taxpayers who receive pension benefits from a deceased spouse, see “Retirement Benefits from a Deceased Spouse” and “Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses”. NOTE: For more detailed information on retirement tiers, see “Who May Claim a Pension Subtraction” on page 17.		

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

Visit [www.michigan.gov/incometax](http://www.michigan.gov/incometax) for help calculating the retirement and pension subtraction.

Before completing Form 4884, refer to “Which Section of Form 4884 Should I Complete?”

**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:** Check the box if both criteria are met:

- You and your spouse (if filing a joint return) were born after 1953.
- You or your spouse (if filing a joint return) were retired as of January 1, 2013 and also received retirement benefits from SSA exempt employment.

**Line 7:** Enter deceased spouse’s name, Social Security number and year of birth. If you are filing your final joint tax return because your spouse died during the tax year, do not complete line 7 or check box 8B.

**NOTE:** When completing Form 4884, surviving spouse means the deceased spouse died prior to the current tax year (e.g., when filing a 2020 return the spouse died in 2007). Deceased spouse benefits do not include benefits from a spouse who died in 2020.

**Line 7d:** Check box 7d if you are a surviving spouse who meets **all** the following conditions and are electing to claim the retirement and pension benefits subtraction on Form 4884, based on the year of birth of your older deceased spouse.

- (1) Born after 1945 and is at least age 67 by December 31, 2020 **and**
- (2) Has not remarried since your spouse died **and**
- (3) Claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died

For more information, see “Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses” on page 18.

**Line 8:** If you have more than ten qualifying entries, continue those entries on the *2020 Michigan Pension Continuation Schedule* (Form 4973). If you are married filing separate returns, only report your qualifying retirement and pension benefits here, do not include your spouse’s retirement and pension benefits.

**Line 8B:** For each qualifying retirement and pension benefit attributable to a deceased spouse put an “X” in column 8B. See instructions for line 7 for more information on deceased spouse benefits.

**Line 8C:** 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 8D:** List the distribution code from box 7 of the federal Form 1099-R.

### Which Section of Form 4884 Should I Complete?

Using the information from line 8, complete Section A, Section B, Section C or Section D. To determine which section of the form to complete, answer the following questions. Taxpayers checking box 7d, do not complete these questions.

1. Were retirement or pension 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, 2020?  
Yes: Continue to question 2.  
No: Continue to question 5.
2. Was the older of filer or spouse (if married filing jointly) born during the period January 1, 1946 through January 1, 1954?  
Yes: Do not file Form 4884. Use Schedule 1, line 23 or 24 (see instructions, page 15).  
No: Continue to question 3.
3. Was the older of filer or spouse (if married filing jointly) born prior to January 1, 1946?  
Yes: Complete Section 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, 2020?  
Yes: Complete Section B of Form 4884.  
No: Complete Section C of Form 4884.
5. Were benefits from SSA exempt employment received by a filer or spouse (if married filing jointly) who was born after January 1, 1954 and retired as of January 1, 2013?  
Yes: Complete Section C of Form 4884.  
No: Continue to question 6.
6. Were benefits from SSA exempt employment received by a filer or spouse (if married filing jointly), and either filer or spouse has reached age 62?  
Yes: Complete Section D of Form 4884.  
No: You are not eligible for a retirement or pension benefits subtraction. Do not file Form 4884.

**Line 8F:** Include the taxable amount of retirement or pension reported in federal AGI. Use these amounts when completing the applicable section in Part 3. If you are a part-year resident only use the portion from the Michigan Schedule NR, line 10 column B.

**Line 9:** 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. 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 9 would be  $\$107,517 - \$30,000 = \$77,517$ .

**Line 13:** If you checked either box 22C or 22G from Schedule 1, your maximum is increased by \$15,000. If you checked both boxes 22C and 22G your maximum is increased by \$30,000

**Line 16:** Carry this amount to Schedule 1, line 25. Do not complete Section B, Section C or Section D.

**Line 17:** 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, 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. 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 23:** Enter total filer and spouse qualified retirement and pension benefits. Do not include benefits received from a deceased spouse (who died prior to 2020).

**Line 24:** For surviving spouses who have not remarried since the death of their spouse:

- Enter the amount from line 17

For surviving spouses who have remarried since the death of their spouse:

- If the older of you or your spouse were born after January 1, 1954 but before January 2, 1959 and checked box 22C or 22G on Schedule 1, enter \$15,000. If both spouses on a joint return checked boxes 22C and 22G on Schedule 1, enter \$30,000.
- If the older of you or your spouse were born after January 1, 1954, were retired as of January 1, 2013 and checked box 22C or 22G on Schedule 1, enter \$35,000 if married filing separately or \$55,000 if married filing a joint return. If both spouses on a joint return checked boxes 22C and 22G on Schedule 1, enter \$70,000.
- All others, enter zero.

**Line 27:** Carry this amount to Schedule 1, line 25. Do not complete Section A, Section C or Section D.

**Line 28:** Taxpayers born after January 1, 1954, that are receiving benefits from a deceased spouse who was born during the period January 1, 1946 through December 31, 1952 should use Section C to calculate the deduction for retirement and pension benefits.

If you checked either box 22C or 22G from Schedule 1, the maximum is increased by \$15,000. If you checked both boxes 22C and 22G the maximum is increased by \$30,000.

Taxpayers born after January 1, 1954, that were retired as of January 1, 2013 and received retirement benefits from SSA exempt employment should use Section C to calculate the deduction for retirement and pension benefits. These taxpayers may deduct up to \$35,000 in qualifying retirement and pension benefits if single or married filing separately or \$55,000 if married filing a joint return. If both spouses on a joint return qualify, the maximum deduction increases to \$70,000.

If you have taxable railroad retirement benefits or qualifying retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard that was deducted on Schedule 1, line 11, use Worksheet 3 to determine your allowable subtraction.

Carry this amount to Schedule 1, line 25. Do not complete Section A, Section B, or Section D.

**Line 29:** If you checked box 22C or 22G on Schedule 1 and the older of you or your spouse was born after January 1, 1954 but before January 2, 1959, enter all qualifying retirement and pension benefits you received, up to \$15,000. If you are receiving benefits as a surviving spouse, do not use your deceased spouse's year of birth. If both boxes 22C and 22G on Schedule 1 were checked on a joint return, the maximum deduction is \$30,000.

Recipients who deduct taxable railroad retirement benefits or military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard on Schedule 1, line 11 may have lower deduction limits on this line if the Schedule 1, line 11 totals more than \$38,759. For additional information and to determine your allowable subtraction, refer to the "Worksheet for Filers with Taxable Railroad Retirement Benefits or Qualifying Retirement and Pension Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Section D of Form 4884" available on Treasury's Web site.

Carry this amount to Schedule 1, line 25. Do not complete Section A, Section B, or Section C.

**Worksheet 3 for Filers with Taxable Railroad Retirement Benefits or Qualifying Retirement and Pension Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Section 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 8.....	2.		00
3. Add lines 1 and 2.....	3.		00
4. Enter private retirement and pension benefits reported on Form 4884, line 8 .....	4.		00
5. Enter \$53,759 if single or \$107,517 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 22C or 22G (see line 11 below).....	9.		00
10. Enter the smaller of line 8 or line 9 here and on Form 4884, line 28.....	10.		00
<b>Calculation for filers with benefits from employment exempt from the Social Security Act</b>			
11. Enter \$20,000 if single or \$40,000 if filing jointly .....	11.		00
12. If you checked box 22C or 22G 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

**Form 4884 Various Scenarios**

**Scenario 1: 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 \$70,000 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 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code 7 in 8D, the name of the payer in 8E and \$40,000 in 8F.....	Line 8F, row 1.....	\$40,000
	They complete row 2 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code 7 in 8D, the name of the payer in 8E and \$70,000 in 8F .....	Line 8F, row 2.....	\$70,000
Step 3:	Jerry and Beverly refer to the questionnaire on page 19 to decide which Section of Form 4884 is to be completed. They answer yes to question 1, no to question 2, yes to question 3 and complete Section A of Form 4884.		
Step 4:	They enter \$107,517 on line 9 as they are married filing jointly.....	Line 9.....	\$107,517
Step 5:	They enter \$40,000 on line 10, the total of their public pension benefits .....	Line 10.....	\$40,000
Step 6:	They subtract line 10 from line 9 and enter \$67,517 on line 11.....	Line 11.....	\$67,517
Step 7:	They enter \$70,000 on line 12, the total of their private pension benefits .....	Line 12.....	\$70,000
Step 8:	They leave line 13 blank as it does not apply to them.....	Line 13.....	leave blank
Step 9:	They enter \$70,000 on line 14, the total of lines 12 and 13.....	Line 14.....	\$70,000
Step 10:	They enter \$67,517, the smaller of lines 11 or 14.....	Line 15.....	\$67,517
Step 11:	They add lines 10 and 15, enter \$107,517 on line 16 and carry this amount to Schedule 1, line 25.....	Line 16..... Schedule 1, line 25.....	\$107,517 \$107,517

**Scenario 2: Single filer born in Tier 2 receiving surviving spouse benefits from a deceased spouse born prior to January 1, 1946 (Tier 1), has not remarried, claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died, and is electing the retirement and pension benefits subtraction.**

For tax year 2019, Bob and Mary filed a joint return. Bob was born in 1944 and died October 15, 2019. Bob had a private pension. Mary was born in 1952 and received a public pension. On the return jointly filed with Bob in the year he died, they claimed a subtraction for retirement and pension benefits.

For tax year 2020, Mary continues to receive her public pension of \$46,000 and is also receiving surviving spouse benefits from Bob's private pension of \$7,000. As Mary has not remarried since Bob's death, she follows the instructions under "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" on page 18 to determine if she will claim the standard deduction allowed by her year of birth or the retirement and pension benefits subtraction allowed by her deceased spouse's year of birth.

- |   |                           |             |
|---|---------------------------|-------------|
| Step 1: Mary determines her Tier 2 Michigan Standard Deduction would be \$20,000.   |                           |             |
| Step 2: In order to compare her Michigan Standard Deduction amount to the retirement and pension benefits subtraction, Mary also completes Form 4884. After completing lines 1 through 3, Mary enters 1952 on line 4. She enters Bob's full name on line 7a, his Social Security number on line 7b and 1944 on line 7c. Mary checks the box on line 7d. |                           |             |
| Step 3: Mary completes row 1 of line 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of payer in 8E, and \$46,000 in 8F.....   | Line 8F, row 1.....       | \$46,000    |
| She completes row 2 of line 8 by entering an X in Private for 8A, an X in 8B, the payer FEIN in 8C, the distribution code in 8D, the name of payer in 8E, and \$7,000 in 8F .....   | Line 8F, row 2.....       | \$7,000     |
| Step 4: Following the instructions outlined on page 18, Mary is a surviving spouse with a decedent born before 1946, so she completes Form 4884 using Section A   |                           |             |
| Step 5: She enters \$53,759 on line 9 as she is filing single .....   | Line 9.....               | \$53,759    |
| Step 6: She enters \$46,000, her public pension, on line 10. ....   | Line 10.....              | \$46,000    |
| Step 7: She subtracts line 10 from line 9 and enters \$7,759 on line 11. ....   | Line 11.....              | \$7,759     |
| Step 8: She enters \$7,000, the total private pension benefits, on line 12...   | Line 12.....              | \$7,000     |
| Step 9: Mary leaves line 13 blank. ....   | Line 13.....              | leave blank |
| Step 10: Mary enters \$7,000 on line 14, the total of lines 12 and 13.....  | Line 14.....              | \$7,000     |
| Step 11: She enters \$7,000, the smaller of lines 11 or 14.....   | Line 15.....              | \$7,000     |
| Step 12: She adds lines 10 and 15, enters \$53,000 on line 16.....  | Line 16.....              | \$53,000    |
| Step 13: Mary makes the election to claim the retirement and pension benefits subtraction (\$53,000) allowed by Bob's year of birth instead of her Tier 2 Michigan Standard Deduction (\$20,000) allowed by her year of birth because it is the larger deduction .....  | Schedule 1, line 23 ..... | \$0         |
|   | Schedule 1, line 25 ..... | \$53,000    |

**Scenario 3: Single filer born in Tier 2 receiving surviving spouse benefits from a deceased spouse born prior to January 1, 1946 (Tier 1), has not remarried, claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died, and is claiming the Michigan Standard Deduction.**

Liam is filing as single, was born in 1947, and is receiving wages of \$9,000. Liam’s deceased spouse, Charlotte, was born in 1942 and died in 2018. Liam is receiving \$12,000 in surviving spouse benefits from Charlotte’s private pension. Liam has not remarried and on the return jointly filed with Charlotte in the year she died, they claimed a subtraction for retirement and pension benefits.

Liam follows the instructions under “Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses” on page 18 to determine if he will claim the standard deduction allowed by his year of birth or the retirement and pension benefits subtraction allowed by his deceased spouse’s year of birth.

- Step 1: Liam determines his Tier 2 Michigan Standard Deduction would be \$20,000.
- Step 2: In order to compare his Michigan Standard Deduction amount to the retirement and pension benefits subtraction, Liam completes Form 4884. After completing lines 1 through 3, he enters 1947 on line 4. He enters Charlotte’s full name on line 7a, her Social Security number on line 7b and 1942 on line 7c. Liam checks the box on line 7d.
- Step 3: Liam completes row 1 of line 8 by entering an X in Private for 8A, an X in 8B, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E, and \$12,000 in 8F..... Line 8F, row 1..... \$12,000
- Step 4: Following the instructions outlined on page 18, Liam is a surviving spouse with a decedent born before 1946, therefore he completes Form 4884 using Section A.
- Step 5: Liam enters \$53,759 on line 9 ..... Line 9..... \$53,759
- Step 6: He leaves line 10 blank ..... Line 10..... leave blank
- Step 7: He subtracts line 10 from line 9 and enters \$53,759 on line 11 ..... Line 11..... \$53,759
- Step 8: He enters \$12,000, the total private pension benefits, on line 12.. Line 12..... \$12,000
- Step 9: He leaves line 13 blank as it does not apply to him..... Line 13..... leave blank
- Step 10: He enters \$12,000 on line 14, the total of lines 12 and 13 ..... Line 14..... \$12,000
- Step 11: He enters \$12,000, the smaller of lines 11 or 14. .... Line 15..... \$12,000
- Step 12: He adds lines 10 and 15 and enters \$12,000 on line 16. .... Line 16..... \$12,000
- Step 13: Liam does not make the election to claim the retirement and pension benefits subtraction (\$12,000) allowed by Charlotte’s year of birth because his Tier 2 Michigan Standard Deduction (\$20,000) allowed by his year of birth gives the larger deduction Do not file Form 4884  
Schedule 1, line 23 ..... \$20,000  
Schedule 1, line 25 ..... \$0

**Scenario 4: Filer and spouse both born in Tier 2 with the older spouse born in 1948 and receiving surviving benefits from a deceased spouse born in 1945 (Tier 1).**

William and Betty are Michigan residents and are filing a joint return. William, born in 1948, is receiving public pension benefits of \$10,000 and wages from a part-time job. Betty, born in 1951, is receiving private pension benefits of \$20,000. William’s deceased spouse, Johanna, was born in 1945 and died in 2015. William is receiving \$7,500 in surviving spouse pension benefits from Johanna’s private pension.

- Step 1: As the older of William and Betty was born in 1948 (age 72 in 2020), they do not complete Form 4884 and instead complete Schedule 1, lines 22 and 23 for the Tier 2 Michigan Standard Deduction. Since William has remarried and has reached the age of 67, William and Betty no longer qualify for a pension deduction. This includes benefits from an older deceased spouse. Instead, they qualify for the standard deduction against all income (pension, wages, interest, etc.) ..... Do not file Form 4884.

**Scenario 5: Filer and spouse both born after December 31, 1952 (Tier 3).**

Scott and Lisa are filing a joint return. Scott, born in 1954, is receiving private 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 and did not check box 22C or 22G on Schedule 1, they are not entitled to a pension subtraction. Do not complete Form 4884. .... Do not file Form 4884.

**Scenario 6: Joint filers born after January 1, 1954 (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 1960, is receiving a private pension of \$40,000. Georgia was born in 1962. 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 1960 on line 4 and 1962 on line 5. Howard is receiving pension benefits from a deceased spouse so he then completes line 7. He enters Edith’s full name on line 7a, her Social Security number on line 7b, and 1944 on line 7c. Howard is not eligible to check the box on line 7d.

- Step 2: Howard is born in Tier 3 and has remarried. His benefits are not deductible and should not be listed on line 8 of Form 4884.

They complete row 1 of line 8 by entering an X in Private for 8A, an X in 8B, the payer FEIN in 8C, the distribution code in 8D, the name of payer in 8E, and \$30,000 in 8F. .... Line 8F, row 1..... \$30,000

- Step 3: They refer to the questionnaire on page 19 to decide which Section 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 Section B of Form 4884.

Step 4: They enter \$107,517 on line 17 as they are filing jointly. .... Line 17..... \$107,517

Step 5: They leave line 18 blank because they are not receiving public benefits from Edith. .... Line 18..... leave blank

Step 6: They subtract line 18 from line 17 and enter \$107,517 on line 19. .... Line 19..... \$107,517

Step 7: They enter \$30,000, private benefits received from Howard’s deceased spouse, Edith, on line 20. .... Line 20..... \$30,000

Step 8: They enter the smaller of lines 19 or 20, \$30,000, on line 21. .... Line 21..... \$30,000

Step 9: Howard and Georgia add lines 18 and 21 and enter \$30,000 on line 22..... Line 22..... \$30,000

Step 10: Since Howard and Georgia do not have deductible benefits, they would leave line 23 blank..... Line 23..... leave blank

Step 11: They enter \$0 on line 24 ..... Line 24..... \$0

Step 12: Since line 22 is more than line 24, they enter \$0 on line 25..... Line 25..... \$0

Step 13: They enter the smaller of lines 23 or 25, zero, on line 26 ..... Line 26..... \$0

Step 14: They add lines 22 and 26 and enter \$30,000 on line 27 and on Schedule 1, line 25 ..... Line 27..... \$30,000  
Schedule 1, line 25 ..... \$30,000

**Scenario 7: Joint filers born after January 1, 1954 (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 1954, is receiving a private pension of \$25,000. Nancy was born in 1954. 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 1954 on line 4 and 1954 on line 5. Nancy is receiving pension benefits from a deceased spouse so she then completes line 7. She enters Eduardo's full name on line 7a, his Social Security number on line 7b and 1949 on line 7c. Nancy is not eligible to check the box on line 7d.

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 8 of Form 4884.

They complete row 1 of line 8 by entering an X in Private for 8A, an X in 8B, the payer FEIN in 8C, the distribution code in 8D, the name of payer in 8E, and \$35,000 in 8F.....

Line 8F, row 1..... \$35,000

Step 3: They refer to the questionnaire on page 19 to decide which Section 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 Section C of Form 4884.

Step 4: They are married filing jointly and enter the total of their benefits from line 8 of \$35,000, since it is less than the maximum of \$40,000, on line 28 and on the Michigan Schedule 1, line 25.....

Line 28..... \$35,000  
Schedule 1, line 25 ..... \$35,000

**Scenario 8: Single filer born after January 1, 1954 but before January 2, 1959 (Tier 3) with benefits from SSA exempt employment and who retired after January 1, 2013**

Leigh is filing as single, was born in 1957, and is receiving pension of \$8,000 from SSA exempt employment and a private pension of \$10,000. She retired in 2014.

Step 1: After completing lines 1 and 2, Leigh enters 1957 on line 4.

Step 2: Leigh completes row 1 of line 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and \$8,000 in 8F.

Line 8F, row 1..... \$8,000

Leigh completes row 2 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and \$10,000 in 8F.....

Line 8F, row 2..... \$10,000

Step 3: Leigh refers to the questionnaire on page 19 to decide which section of Form 4884 is to be completed. She answers no to question 1 and skips to question 5. She answers no to question 5 because she did not retire on or before January 1, 2013. She answers yes to question 6 and completes Form 4884, Section D.

Step 4: Since Leigh is single, she enters \$15,000, which is the lesser of her total retirement and pension benefits (\$18,000) or the maximum allowable pension deduction (\$15,000) on line 29 and on the Schedule 1, line 25.....

Line 29..... \$15,000  
Schedule 1, line 22  
22A..... 1957  
22B..... 63  
22C..... X  
Schedule 1, line 25 ..... \$15,000

**NOTE:** It is important for taxpayers with benefits from SSA exempt employment to check the box(es) on line 22 of the Schedule 1.

**Scenario 9: Single filer born after January 1, 1954 (Tier 3), received retirement benefits from SSA exempt employment and was retired as of January 1, 2013.**

Matt is filing as single, was born in 1960 and retired April 30, 2012 and is receiving benefits from SSA exempt employment of \$12,000 and a private pension of \$30,000.

Step 1: After completing lines 1 and 2, Matt enters 1960 on line 4.

Step 2: Since Matt was born after 1952, was retired as of January 1, 2013, and received benefits from SSA exempt employment, he checks the box on line 6.....

Line 6..... X

Step 3: Matt completes row 1 of line 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and \$12,000 in 8F.

Line 8F, row 1..... \$12,000

Matt completes row 2 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and \$30,000 in 8F.....

Line 8F, row 2..... \$30,000

Step 4: Matt refers to the questionnaire on page 19 to decide which section of Form 4884 is to be completed. Matt answers no to question 1 and continues to question 5. After answering yes to question 5, Matt completes Section C of Form 4884.

Step 5: Since Matt is single, he enters \$35,000, which is the lesser of his total retirement and pension benefits (\$42,000) or the maximum allowable pension deduction (\$35,000) on line 28 and on the Schedule 1, line 25.....

Line 28..... \$35,000

Schedule 1, line 22

22A..... 1960

22B..... 60

22C..... X

22D..... X

Schedule 1, line 25 ..... \$35,000

**NOTE:** It is important for taxpayers with benefits from SSA exempt employment to check the box(es) on line 22 of the Schedule 1.

**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 and property tax credit claims filed for mandatory federal reporting requirements 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 2020
- You own your Michigan homestead and property taxes were levied in 2020, or you paid rent under a rental contract.

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. Filers claimed as a dependent on someone else’s return see instructions for line 24 on page 32 to correctly report support received.

**You may not claim a property tax credit if your total household resources are over \$60,000.** 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 \$51,000. 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 29.

**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 the MI-1040CR-2. Claim your credit on the MI-1040CR and check box 5b if you are age 65 or younger. Check boxes 5a and 5b if you are blind and age 65 or older.