

Source: Michigan Department of Treasury

**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 data-bbox="247 500 537 524">No change in current law</p> <ul data-bbox="90 561 659 740" 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 data-bbox="846 500 1241 524">Before the taxpayer reaches age 67</p> <ul data-bbox="730 561 1339 773" 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 data-bbox="852 837 1234 894">After the taxpayer reaches age 67 [WILL FIRST OCCUR IN 2013]</p> <ul data-bbox="730 927 1276 1227" 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 data-bbox="840 1141 1276 1227" style="list-style-type: none">• Not eligible for this income subtraction if choosing to claim a military or tier 2 railroad pension exemption.	<p data-bbox="1499 500 1894 524">Before the taxpayer reaches age 67</p> <ul data-bbox="1390 561 2003 740" 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 data-bbox="1509 837 1892 894">After the taxpayer reaches age 67 [WILL FIRST OCCUR IN 2020]</p> <ul data-bbox="1390 927 2003 1398" 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 data-bbox="1482 1049 2003 1227" style="list-style-type: none">▪ ELECT exemption against all income of \$20,000 for single filers or \$40,000 for joint filers<ul data-bbox="1577 1141 2003 1227" style="list-style-type: none">▪ No exemption for Social Security, military or railroad retirement.▪ No personal exemptions. <p data-bbox="1692 1255 1766 1279">*OR*</p> <ul data-bbox="1482 1312 2003 1398" style="list-style-type: none">▪ ELECT to exempt Social Security, military and railroad pension. May claim personal exemptions.