

INCOME TAX FOR RETIREMENT BENEFITS BY YEAR OF BIRTH EFFECTIVE FOR TAX YEAR 2024

Taxpayers born before 1946	Taxpayers born 1946 through 1952 ³ Before the taxpayer reaches age 67 ^{1,2}	Taxpayers born after 1952 ³ Before the taxpayer reaches age 67 ²		
<ul style="list-style-type: none">• Social Security is exempt.• Senior citizen subtraction for interest, dividends, and capital gains up to \$14,274 for single filers and \$28,548 for joint filers.*• Public pensions exempt.• Private pensions, subtract up to \$64,040 for single filers and \$128,080 for joint filers. <p>*Subtraction may be limited if pension benefits are also subtracted.</p>	<div>N/A for tax year 2024.</div> <ul style="list-style-type: none">• Social Security is exempt.• Railroad and Michigan National Guard pensions are exempt.• Military compensation and pensions are 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.• Pensions from employment with governmental agencies not covered by the SSA. \$35,000 for single filer, \$55,000 for joint filers, or \$70,000 for joint filers if both spouses worked for an “uncovered” agency.	<ul style="list-style-type: none">• Social Security is exempt.• Railroad and Michigan National Guard pensions are exempt.• Military compensation and pensions are exempt.• Not eligible for the senior citizen subtraction for interest, dividends, and capital gains.• Not eligible for public or private pension subtraction.	For tax year 2024, born after January 1, 1958.	
		<ul style="list-style-type: none">• At age 62, pensions from employment with governmental agencies not covered by the SSA. \$15,000 for single or joint filer or \$30,000 for joint filers if both spouses worked for an “uncovered” agency.		For tax year 2024, born after January 1, 1958 but before January 2, 1963.
		<ul style="list-style-type: none">• Beginning in 2018, pension from employment with governmental agencies not covered by the SSA for persons retired as of January 1, 2013, \$35,000 for single filer, \$55,000 for joint filer, or \$70,000 for joint filers if both spouses worked for an “uncovered” agency.		For tax year 2024, born after January 1, 1958.
<div>Surviving Spouse (Tier Structure and Phase-In Subtractions) — See page 3</div>				

Footnotes:

1. Beginning with tax year 2019, all taxpayers born 1946 through 1952, have reached age 67.
2. Treasury follows the definition of “age” for the Social Security Administration. You reach a particular age on the day before your birthday. Examples: If your sixty-seventh birthday is on January 1, 1958, you became age 67 on December 31, 2024. If your sixty-second birthday is on January 1, 1963, you became age 62 on December 31, 2024.

Other Notes:

- Chart is from the Michigan Department of Treasury’s 2024 Tax Text manual, Chapter 4, pages 22 and 23.
- In the header of the middle column on pages 1 and 2, the notation regarding age 67 was added by Accounting Aid Society. Footnotes were also added by Accounting Aid Society.
- For complete instruction, see the 2024 MI-1040 instructions book for Schedule 1, Additions and Subtractions, and Form 4884, Pension Schedule.

		Taxpayers born 1946 through 1952 After the taxpayer reaches age 67 ^{1,2}	Taxpayers born after 1952 who reach Age 67 ²	
	<p><u>Tier 2</u> For tax year 2024, all those born 1946 through 1952 have reached age 67.</p>	<ul style="list-style-type: none"> • Social Security is exempt. • Railroad and Michigan National Guard pensions are exempt (see below). • Military compensation and pensions are exempt (see below). • Not eligible for the senior citizen subtraction for interest, dividends, and capital gains. <p>Eligible for Standard deduction:</p> <ul style="list-style-type: none"> • Subtraction against all income of \$20,000 for single filers and \$40,000 for joint filers. • Subtraction increased to \$35,000 for single filers and \$55,000 for joint filers with pensions from employment with governmental agencies not covered by the SSA, or to \$70,000 for joint filers if both spouses worked for an “uncovered” agency. • Not eligible for this income subtraction to the extent Military income and Railroad/Michigan National Guard pension exemption are claimed. 	<ul style="list-style-type: none"> • Not eligible for the 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 filer <p>Note: No exemption for Social Security, Military compensation and pension, and Railroad/Michigan National Guard pension. No personal exemptions.</p> <p>OR</p> <ul style="list-style-type: none"> – Elect to exempt Social Security, Military compensation and pension, and Railroad/Michigan National Guard pension. May claim personal exemptions. <ul style="list-style-type: none"> • Beginning in 2018, persons retired as of January 1, 2013, and receiving pension from employment with governmental agencies not covered by SSA may claim standard deduction of \$35,000 for single filer, \$55,000 for joint filer, or \$70,000 for joint filers if both spouses worked for an “uncovered” agency; not eligible for this income subtraction to the extent Military income and Railroad/Michigan National Guard pension exemption are claimed. 	<p><u>Tier 3</u> For tax year 2024, born on or between January 1, 1953 and January 1, 1958.</p>
	Surviving Spouse (Tier Structure and Phase-In Subtractions)			

1. Beginning with tax year 2019, all taxpayers born 1946 through 1952, have reached age 67.
2. Treasury follows the definition of “age” for the Social Security Administration. You reach a particular age on the day before your birthday. Examples: If your sixty-seventh birthday is on January 1, 1958, you became age 67 on December 31, 2024. If your sixty-second birthday is on January 1, 1963, you became age 62 on December 31, 2024.

PHASE-IN SUBTRACTION UNDER PA 4 FOR RETIREMENT BENEFITS EFFECTIVE FOR TAX YEAR 2024

Taxpayers born before 1946 No change from prior years	Taxpayers born 1946 through 1952	Taxpayers born after 1952
Private pensions, subtract up to \$64,040 for single filers and \$128,080 for joint filers.	Up to 50% of maximum amount of allowable deduction for those born in 1945 or before. For 2024, the deduction limits are \$32,020 for single filers and \$64,040 for joint filers.	Not eligible for deduction.

The maximum retirement subtractions under the Phase-In Method **apply to the combined total of both private and public benefits** and are available to retirees based on their year of birth, beginning with 1946. **For tax year 2024, those born from January 1, 1946 through December 31, 1962** are eligible to use the phase-in subtraction.

A taxpayer electing the Phase-In Method must reduce the maximum amount allowed for that deduction by the sum of all retirement benefits included in AGI from the following sources:

- Military pay
- Military pension or retirement benefits
- Railroad retirement benefits
- Michigan National Guard benefits
- Federal and Michigan public retirement benefits

The taxpayer would then apply the applicable phaseout percentage depending on the tax year.

SURVIVING SPOUSE (Tier Structure and Phase-In Subtractions)

Tier Structure Subtraction: The surviving spouse may compute a retirement subtraction based on the date of birth of the older, deceased spouse if all of the following are true:

- **A joint return was filed for the tax year in which the spouse died.**
- **A retirement or Social Security subtraction was claimed for the year in which the spouse died.**
- **The surviving spouse has not since remarried.**

A surviving spouse born after 1945, who has reached the age of 67, and the above three rules apply, may elect to claim the larger of either:

- The Michigan standard deduction, or
- The retirement subtraction based on the older, deceased spouse's year of birth.

Phase-In Subtraction:

- If a subtraction using the Phase-In Method **is claimed on a joint return in the year a spouse died and the surviving spouse has not yet remarried**, the surviving spouse may use the Phase-In Method based on the older deceased spouse's year of birth and subject to the limitations applicable to a single filer.

For all subtraction options, if a surviving spouse **did not claim a retirement subtraction** on a return jointly filed with the decedent in the year in which the spouse died or **the surviving spouse has remarried**, then claim the retirement subtraction based on the year of birth of the filer (or older spouse if remarried).