

Connecticut Income Tax Exemptions Applicable to Resident and Part-Year Resident Retirees

1. Social Security Benefits

- **If:** the federal filing status is:
 - Single or married filing separately with federal AGI less than \$75,000.
 - Married filing jointly, qualifying widow(er) or head of household with federal AGI of less than \$100,000.
- **Then:** the amount reported on Line 5b on the federal return is fully exempt from Connecticut income tax.

- **If:** the federal filing status is:
 - Single or married filing separately with federal AGI of \$75,000 or more.
 - Married filing jointly, qualifying widow(er) or head of household with federal AGI of \$100,000 or more.
- **Then:** the amount calculated on Line F on the Social Security Benefits Worksheet is exempt from Connecticut income tax.

(See: Social Security Benefits Worksheet - Page 23 in the Connecticut Resident Income Tax Instructions Booklet, or Page 27 in the Connecticut Nonresident and Part-Year Resident Income Tax Instructions Booklet.)

Note: No more than 25% of the amount of Social Security benefits received for the taxable year will be subject to Connecticut income tax.

- **Reported on:**
 - Form CT-1040, Schedule 1, Line 41
 - Form CT-1040NR/PY, Schedule 1, Line 43

2. Pensions and Annuities

- Amount reported on Line 4d on the federal return.
 - Defined Benefit plans;
 - 401(k), 403(b) and governmental 457(b) plans;
 - Tier 1 and Tier 2 railroad retirement benefits;
 - Military retirement pay;
 - Teachers' Retirement.
- Does not include:
 - IRAs;
 - Roth IRAs;
 - Simplified employee pension (SEP) IRAs;
 - Savings incentive match plans for employees (SIMPLE) IRAs.
- **If:** the federal filing status is:
 - Single, married filing separately or head of household with federal AGI of **less than** \$75,000.
 - Married filing jointly with federal AGI of **less than** \$100,000.
- **Then:** for taxable year 2019, 14% of the amount reported on line 4d (But - must subtract Tier 1 and Tier 2 railroad retirement benefits, military retirement pay, and teachers' retirement income).
- **Scheduled exemption percentage increase:**
 - 2020 >>>>> 28%
 - 2021 >>>>> 42%
 - 2022 >>>>> 56%
 - 2023 >>>>> 84%
 - 2024 >>>>> 100%

Note: A survivor or beneficiary of a plan participant may claim this modification if the survivor or beneficiary is required to report the pension or annuity income on the federal return in the same manner as the plan participant (on Line 4d on the federal return).

- **Reported on:**
 - Form CT-1040, Schedule 1, Line 48b
 - Form CT-1040NR/PY, Schedule 1, Line 50b

3. Connecticut Teachers' Retirement Income

- No income threshold.
 - Income received from the Connecticut Teachers' Retirement Board.
 - For 2019 and 2020: 25% of the income received and includible in federal AGI.
 - For 2021 forward: 50% of the income received and includible in federal AGI.
- **Reported on:**
 - Form CT-1040, Schedule 1, Line 45
 - Form CT-1040NR/PY, Schedule 1, Line 47

4. Military Retirement

- No income threshold.
- 100% of the retirement income included in federal AGI.
- Payments received by a retired member of the armed forces of the United States or the National Guard.
- Payments (survivor benefits) received by a beneficiary under an option or election made by a retired military member.

Note: Payments received by a former spouse of a retired military member cannot claim this modification if the payments:

- Are received under a final decree of divorce, dissolution, annulment or legal separation, or
 - As a result of a court ordered, ratified or approved property settlement resulting from a decree dividing military retirement pay.
- **Reported on:**
 - Form CT-1040, Schedule 1, Line 44
 - Form CT-1040NR/PY, Schedule 1, Line 46

5. Tier 1 and Tier 2 Railroad Retirement Benefits

- No income thresholds.
 - 100% of the amount included in federal AGI.
 - Does not include the Social Security Equivalent Benefit (SSEB) of the Tier 1 benefit.
- **Reported on:**
 - Form CT-1040, Schedule 1, Line 43
 - Form CT-1040NR/PY, Schedule 1, Line 45