

RETIREMENT/PENSION

Income Source	Taxpayer Age Minimum	Taxed in New York	Qualifies for \$20,000 Exclusion	Comments
Social Security Retirement Income	N/A	NO	N/A	To the extent this income was included in Federal Adjusted Gross Income (FAGI). Social Security is not considered a Pension/Annuity exclusion; it is a New York State subtraction on TY 2010 IT-201 Line 27.
Tier 1 Railroad Retirement Income	N/A	NO	N/A	Fully excludable to the extent this income was included in Federal Adjusted Gross Income (FAGI).
Federal Gov't. Pension (including Military)	N/A	NO	N/A	Fully excludable to the extent it is included as income.
NYS Pension	N/A	NO	N/A	Fully excludable to the extent it is included as income.
Pension from local gov't within NYS	N/A	NO	N/A	Fully excludable to the extent it is included as income.
NYS, local, or Federal pension rec'd by divorced spouse of pensioner.	N/A	NO	N/A	Fully excludable to the extent it is included as income.
Pension and annuity income paid to beneficiary of deceased NYS, local or Fed gov't. retiree	N/A	NO	N/A	Fully excludable to the extent it is included as income.

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Pension from private employer	59 ½	YES	YES	If a taxpayer turns 59 ½ during the tax year, exclusion applies only to payments received after attaining age 59 ½. Allowable exclusion to the extent included as income, not to exceed \$20,000.
Private employer pension paid to the divorced spouse of pensioner	N/A	YES	NO	Generally pursuant to a QDRO (Qualified Domestic Relations Order). No allowable exclusion.
Private employer pension paid to the beneficiary(s) of a deceased pensioner	N/A	YES	YES	If more than one beneficiary, \$20,000 exclusion must be apportioned among beneficiaries in the same ratio percentage as the distribution. If taxpayer died during the tax year, exclusion applies to taxpayer return first. Beneficiary can claim only what remains of exclusion after deceased taxpayer uses up to \$20,000. If deceased taxpayer would have turned 59 ½ during the tax year, beneficiary can apply exclusion only to payments received after deceased would have turned 59 ½.
Periodic and lump sum payments from an IRA	59 ½	YES	YES	Only payments derived from pre-retirement contributions qualify for the \$20,000 exclusion. to the extent it is included as income.
Periodic payments from an annuity purchased by an “employer”.	59 ½	YES	YES	Employer must be a corporation, Community Chest Fund, Foundations, or Public School to the extent it is included as income not to exceed \$20,000.
Periodic payments from an HR-10 Keogh	59 ½	YES	YES	Only payments derived from pre-retirement contributions qualify for the \$20,000 exclusion to the extent it is

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Plan				included as income.
Lump sum distribution from a Keogh Plan	59 ½	YES	YES	Exclusion applies only if Federal Form 4972 Tax on Lump Sum Distributions is not used. Also, Only payments derived from pre-retirement contributions qualify for the \$20,000 exclusion to the extent it is included as income.
Periodic payments form a deferred compensation plan sponsored by State, local gov't, or tax exempt organization	59 ½	YES	YES	Only payments derived from pre-retirement contributions qualify for the \$20,000 exclusion to the extent it is included as income.
Periodic distribution from Cafeteria Plan IRC-125	59 ½	YES	YES	Only payments derived from pre-retirement contributions qualify for the \$20,000 exclusion to the extent it is included as income.
Periodic distribution from a qualified cash or deferred profit sharing or stock bonus (IRC-401K)	59 ½	YES	YES	Only payments derived from pre-retirement contributions qualify for the \$20,000 exclusion to the extent it is included as income.
Distribution from an annuity contract purchased with taxpayer's own funds from an insurance company or other financial institution	N/A	YES	NO	These payments are not attributable to personal services performed. Therefore, they do not qualify as retirement income in NYS.

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Disability Income	Less than minimum retirement age for employer	YES(unless totally and permanently disabled)	NO	If the taxpayer is totally and permanently disabled (physician statement) and not engaged in gainful employment , they may be entitled to adjustment to federal income line 31 of up to \$5200 a year and must complete form IT-221

NOTES:

1. The pension exclusion applies to pension and annuity income received by an estate or trust if the income meets the requirements described in this matrix.
2. Married taxpayers who both receive qualified income are each entitled to the maximum \$20,000 exclusion. (\$40,000 total)
3. A married taxpayer cannot claim any unused portion of a spouse's exclusion.
4. A person receiving their own pension and a deceased spouse's pension is entitled to a maximum of \$20,000 exclusion. The maximum exclusion allowable from the total of ALL SOURCES that qualify for the non-public exclusion may not exceed \$20,000 per individual.