

# Moving in Retirement? Don't Overlook State Taxes

We've identified the states where the total tax bill is highest and lowest. BY SANDRA BLOCK

**RETIREES RELOCATE** FOR lots of different reasons, from the weather to proximity to grandchildren. Moving from a pricey part of the country to one with low housing prices could also lower your expenses and make your retirement savings last longer. But as you consider the cost of living in potential retirement destinations, don't overlook the impact of state taxes on your bottom line. The map on the following pages includes details on the most and least tax-friendly states.

Scoping out state taxes is particularly important now because although the new tax law reduces *federal* taxes for millions of people, taxes in some *states* could go up. Most states use federal definitions of income—either taxable income or adjusted gross income—as the starting point for determining how to tax their residents. And even though the federal tax overhaul lowered tax rates, increased the child tax credit and doubled the standard deduction, it also expanded the amount of income that's taxable by the feds, mainly

by eliminating personal exemptions. At the state level, that could trigger taxes on a larger percentage of residents' income.

Several states, including Georgia, Iowa and Missouri, enacted laws during the 2018 legislative session that lowered tax rates and implemented other measures to prevent state taxes from rising. But lawmakers in several other states are still debating how to adjust their tax codes.

One way to avoid this problem is to move to a state that excludes all or a significant portion of your retirement income from state taxes. Six of our 10 most tax-friendly states for retirees have no income tax at all. The remaining four exclude from state taxes all or most of residents' income from retirement plan withdrawals, pensions and annuities.

At the other end of the ledger is Minnesota, which tops our list of least tax-friendly states for retirees. Minnesota is one of a handful of states that taxes a portion of Social Security benefits. The North Star

State, which has a top tax rate of 9.85%, also taxes distributions from IRAs, 401(k)s and non-military pensions. Other factors to consider:

**Property taxes.** Several of the states on our least-tax-friendly list have above-average property taxes. In the past, residents could deduct those taxes from their federal tax bill. But the federal tax deduction for state and local taxes is now capped at \$10,000.

**Estate taxes.** The federal tax overhaul increased the amount of assets exempt from the federal estate tax to \$11.4 million (\$22.8 million for a married couple). So the vast majority of people don't have to worry about that tax. But 12 states and the District of Columbia impose their own estate taxes, and some have much lower thresholds than the federal government. Vermont, which ranks fourth on our least-tax-friendly list, taxes estates valued at \$2.75 million or more. ■

SEND QUESTIONS OR COMMENTS TO SBLOCK@KIPLINGER.COM.

## MOST TAX-FRIENDLY

1. Alaska
2. Wyoming
3. South Dakota
4. Mississippi
5. Florida
6. Pennsylvania
7. Nevada
8. New Hampshire
9. Kentucky
10. Georgia

## LEAST TAX-FRIENDLY

1. Minnesota
2. Connecticut
3. Kansas
4. Vermont
5. Nebraska
6. New Mexico
7. Utah
8. Maryland
9. Indiana
10. Wisconsin



TAX MAP KEY

**MOST TAX-FRIENDLY**

**LEAST TAX-FRIENDLY**

 **MEDIAN PROPERTY TAX ON THE STATE'S MEDIAN HOME VALUE**

 **STATE INCOME TAX**

**SOUTH DAKOTA**

 **MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$146,700 IS \$1,943.**


 **NONE**


**WYOMING**

 **MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$199,900 IS \$1,223.**

 **NONE**

**NEBRASKA**

 **MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$137,300 IS \$2,506.**

 **2.46% (ON UP TO \$3,150 OF TAXABLE INCOME FOR SINGLE FILERS AND \$6,290 FOR JOINT FILERS) TO 5.84% (ON TAXABLE INCOME OVER \$30,420 FOR SINGLE FILERS AND \$60,480 FOR JOINT FILERS)**

**NEVADA**

 **MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$191,600 IS \$1,478.**


 **NONE**

**UTAH**

 **MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$224,600 IS \$1,508.**

 **4.95% FLAT TAX**


**ALASKA**

 **MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$257,100 IS \$3,048.**

 **NONE**

**NEW MEXICO**

 **MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$161,600 IS \$1,232.**

 **1.7% (ON UP TO \$5,500 OF TAXABLE INCOME FOR SINGLE FILERS AND \$8,000 FOR JOINT FILERS) TO 4.9% (ON TAXABLE INCOME OF OVER \$16,000 FOR SINGLE FILERS AND \$24,000 FOR JOINT FILERS)**

**METHODOLOGY:** For a detailed summary of how every state taxes income, property and purchases, along with special tax breaks for seniors, go to our State-by-State Guide to Taxes on Retirees at [kiplinger.com/links/retireetaxmap](http://kiplinger.com/links/retireetaxmap).



## MINNESOTA

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$191,500 IS \$2,234.

💰 5.35% (ON TAXABLE INCOME OF LESS THAN \$25,890 FOR SINGLE FILERS AND \$37,850 FOR JOINT FILERS) TO 9.85% (ON TAXABLE INCOME OF MORE THAN \$160,020 FOR SINGLE FILERS AND \$266,700 FOR JOINT FILERS)

## WISCONSIN

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$167,000 IS \$3,257.

💰 4.0% (ON UP TO \$11,450 OF TAXABLE INCOME FOR SINGLE FILERS AND UP TO \$15,270 FOR JOINT FILERS) TO 7.65% (ON TAXABLE INCOME OVER \$252,150 FOR SINGLE FILERS AND OVER \$336,200 FOR JOINT FILERS)

## VERMONT

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$218,900 IS \$3,893.

💰 3.35% (ON UP TO \$38,700 OF TAXABLE INCOME FOR SINGLE FILERS AND UP TO \$64,600 FOR JOINT FILERS) TO 8.75% (ON TAXABLE INCOME OVER \$195,450 FOR SINGLE FILERS AND UP TO \$237,950 FOR JOINT FILERS)

## NEW HAMPSHIRE

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$239,700 IS \$5,241.

💰 NONE

## CONNECTICUT

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$269,300 IS \$5,443.

💰 3% (ON INCOME OF LESS THAN \$10,000 FOR SINGLE FILERS AND \$20,000 FOR JOINT FILERS) TO 6.99% (ON INCOME OF MORE THAN \$500,000 FOR SINGLE FILERS AND \$1 MILLION FOR JOINT FILERS)

## INDIANA

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$126,500 IS \$1,100.

💰 FLAT 3.23%

## PENNSYLVANIA

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$167,700 IS \$2,603.

💰 FLAT 3.07%

## MARYLAND

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$290,400 IS \$3,191.

💰 2% (ON LESS THAN \$1,000 OF TAXABLE INCOME) TO 5.75% (ON MORE THAN \$250,000 OF TAXABLE INCOME FOR SINGLE FILERS AND \$300,000 FOR JOINT FILERS). LOCAL INCOME TAXES ARE ADDITIONAL.

## KENTUCKY

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$126,100 IS \$1,078.

💰 FLAT 5%

## GEORGIA

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$152,400 IS \$1,413.

💰 1% (FIRST \$750 OF TAXABLE INCOME FOR SINGLE FILERS AND \$1,000 FOR JOINT FILERS) TO 6% (ON TAXABLE INCOME OVER \$7,000 FOR SINGLE FILERS TO \$10,000 FOR JOINT FILERS)

## FLORIDA

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$166,800 IS \$1,702.

💰 NONE

## KANSAS

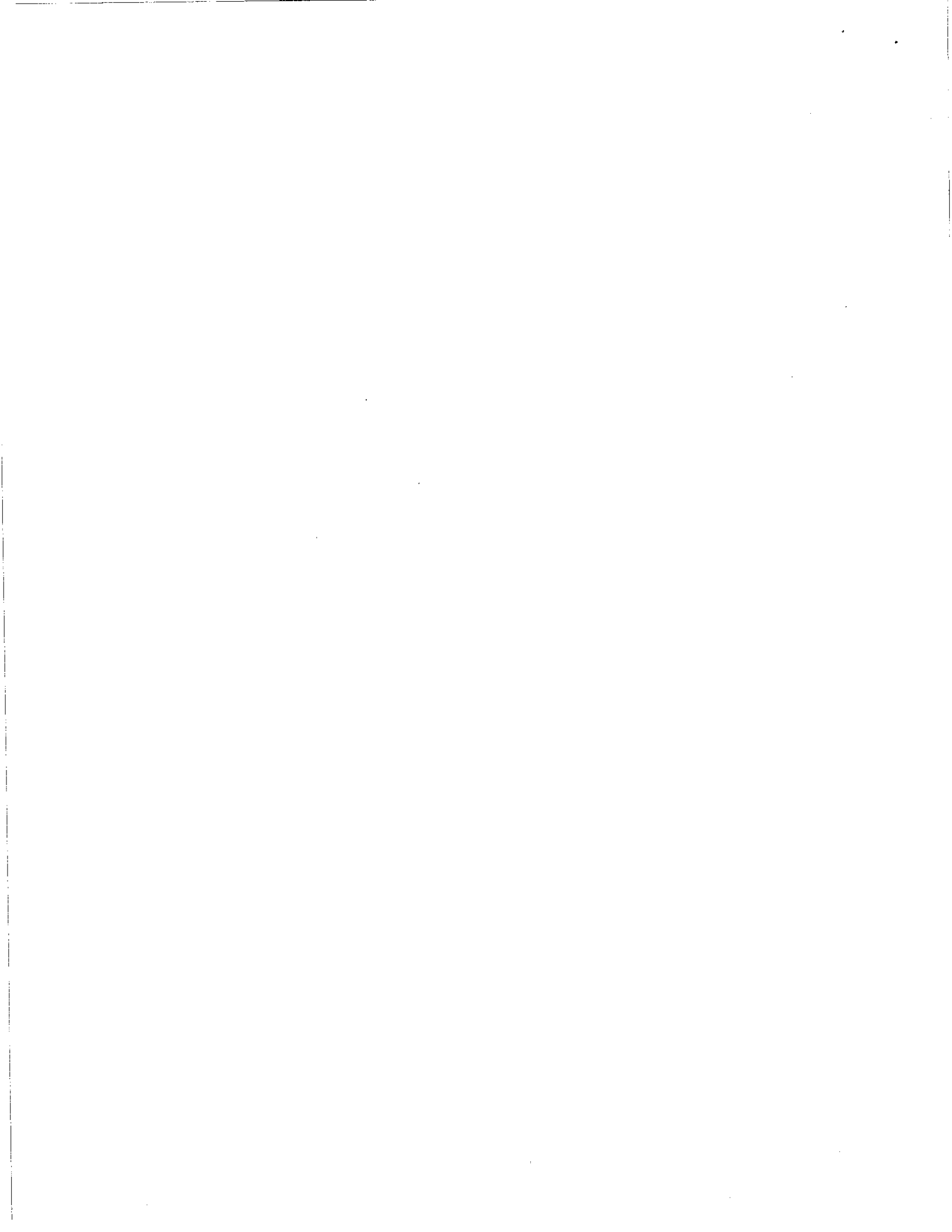
🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$135,300 IS \$1,890.

💰 3.1% (ON LESS THAN \$15,000 OF TAXABLE INCOME FOR SINGLE FILERS AND \$30,000 FOR JOINT FILERS) TO 5.7% (ON MORE THAN \$30,000 OF TAXABLE INCOME FOR SINGLE FILERS AND \$60,000 FOR JOINT FILERS).

## MISSISSIPPI

🏠 MEDIAN PROPERTY TAX ON THE MEDIAN HOME VALUE OF \$105,700 IS \$841.

💰 3% (ON TAXABLE INCOME OF \$1,000 OR MORE) TO 5% (ON MORE THAN \$10,000 OF TAXABLE INCOME)





VT Form <b>EST-191</b>	<b>ESTATE TAX RETURN</b> Resident and Nonresident
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**This form applies only to estates of decedents who died after December 31, 2015.**

**Decedent's Information**

Last Name of Decedent	First Name	Initial	Social Security Number
State of Domicile at Time of Death (use standard 2-character abbreviation) <span style="float: right;">VT</span>	Date of Death (MM DD YYYY) <span style="float: right;">01 01 2019</span>		For Department Use Only

**Fiduciary's Information**

Fiduciary's Name <b>EXECUTOR</b>			Daytime Telephone Number
Mailing Address			For Department Use Only
City	State	ZIP Code	
Foreign Country (if not United States)	Email Address		

**Attorney's Information**

Attorney's Name			Daytime Telephone Number
Mailing Address			For Department Use Only
City	State	ZIP Code	
Foreign Country (if not United States)	Email Address		

- Check if this is an **AMENDED** return.
- Check if you filed an **EXTENSION** request previous to this filing.

**VERMONT ESTATE TAX CALCULATION**

1. Federal tentative taxable estate (from Federal Form 706, Line 3a) .....	<b>1.</b>	3,750,000.00
2a. Federal taxable gifts (from Federal Form 706, Line 4) .....	<b>2a.</b>	
2b. Portion of Line 2a made within two years of date of death .....	<b>2b.</b>	
3. Any deduction taken for death taxes paid to a foreign country (from Federal Form 706, Schedule K) .....	<b>3.</b>	
4. Vermont Taxable Estate (add Lines 1, 2b, and 3) .....	<b>4.</b>	3,750,000.00
5. Exclusion .....	<b>5.</b>	<b>2,750,000.00</b>
6. Subtract Line 5 from Line 4. If negative, enter 0. ....	<b>6.</b>	1,000,000.00
7. Multiply Line 6 by 16% (0.16) .....	<b>7.</b>	160,000.00

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Mailing Address			For Department Use Only
City	State	ZIP Code	-
Foreign Country (if not United States)	Email Address		

**Attorney's Information**

Attorney's Name			Daytime Telephone Number
Mailing Address			For Department Use Only
City	State	ZIP Code	-
Foreign Country (if not United States)	Email Address		

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**VERMONT ESTATE TAX CALCULATION**

1. Federal tentative taxable estate (from Federal Form 706, Line 3a) .....	1.	5,750,000.00
2a. Federal taxable gifts (from Federal Form 706, Line 4) .....	2a.	
2b. Portion of Line 2a made within two years of date of death .....	2b.	
3. Any deduction taken for death taxes paid to a foreign country (from Federal Form 706, Schedule K) .....	3.	
4. Vermont Taxable Estate (add Lines 1, 2b, and 3).....	4.	5,750,000.00
5. Exclusion.....	5.	<b>2,750,000.00</b>
6. Subtract Line 5 from Line 4. If negative, enter 0. ....	6.	3,000,000.00
7. Multiply Line 6 by 16% (0.16).....	7.	480,000.00

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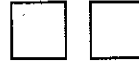
- Check if this is an **AMENDED** return.
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**VERMONT ESTATE TAX CALCULATION**

1.	Federal tentative taxable estate (from Federal Form 706, Line 3a) .....	1.	7,500,000.00
2a.	Federal taxable gifts (from Federal Form 706, Line 4) .....	2a.	_____
2b.	Portion of Line 2a made within two years of date of death .....	2b.	_____
3.	Any deduction taken for death taxes paid to a foreign country (from Federal Form 706, Schedule K) .....	3.	_____
4.	Vermont Taxable Estate (add Lines 1, 2b, and 3) .....	4.	7,500,000.00
5.	Exclusion .....	5.	<b>2,750,000.00</b>
6.	Subtract Line 5 from Line 4. If negative, enter 0. ....	6.	4,750,000.00
7.	Multiply Line 6 by 16% (0.16) .....	7.	760,000.00

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**VERMONT ESTATE TAX CALCULATION**

1. Federal tentative taxable estate (from Federal Form 706, Line 3a) .....	1.	10,000,000.00
2a. Federal taxable gifts (from Federal Form 706, Line 4) .....	2a.	
2b. Portion of Line 2a made within two years of date of death .....	2b.	
3. Any deduction taken for death taxes paid to a foreign country (from Federal Form 706, Schedule K) .....	3.	
4. Vermont Taxable Estate (add Lines 1, 2b, and 3) .....	4.	10,000,000.00
5. Exclusion .....	5.	<b>2,750,000.00</b>
6. Subtract Line 5 from Line 4. If negative, enter 0. ....	6.	7,250,000.00
7. Multiply Line 6 by 16% (0.16) .....	7.	1,160,000.00

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