

4. Did the spouse receive SSA Exempt surviving spouse benefits?

Yes: Check box 23F.

No: Stop. You are not eligible to check box 23F.

If the older of the filer or spouse was born on or after January 1, 1953 but before January 2, 1956, has reached age 62 and either the filer or spouse receives Social Security exempt retirement benefits, check box 23C (for the filer) and/or box 23F (for the spouse).

**Line 24: Michigan Standard Deduction.** If the older of you or your spouse (if married filing jointly) was born during the period January 1, 1946 through January 1, 1951, and reached the age of 67 on or before December 31, 2017, you are eligible for a deduction against all income and will no longer deduct retirement and pension benefits. The deduction is \$20,000 for a return filed as single or married filing separately, or \$40,000 for a married filing jointly return. If you checked either box 23C or 23F your standard deduction is increased by \$15,000. If you checked both boxes 23C and 23F your standard deduction is increased by \$30,000.

The standard deduction is reduced by any amounts reported on line 11 and any military pay included on line 14.

In most cases, taxpayers who are eligible to complete line 24 should not complete lines 25 or 26. However, if a taxpayer is the unremarried surviving spouse of a decedent born prior

to 1946 who also died after reaching age 65, check the box below line 26 to claim the Michigan standard deduction on line 24 and a deduction for investment income on line 26 (if applicable).

**Line 25:** Qualifying retirement and pension benefits included in your AGI may be subtracted from income. Retirement and pension benefits are taxed differently depending on the age of the recipient. See “Which Benefits are Taxable” below.

You must include Form 4884. If you were born during the period January 1, 1946 through January 1, 1951, see line 24.

**Line 26: Senior citizens** born prior to 1946 (or the unremarried surviving spouse of a decedent born prior to 1946 who also died after reaching age 65) may subtract interest, dividends, and capital gains included in AGI. This subtraction is limited to a maximum of \$11,259 on a single return or \$22,518 on a joint return. The maximum is reduced by any deduction for:

- Military (including Michigan National Guard) retirement benefits from line 11
- Railroad retirement benefits from line 11
- Public and private retirement and pension benefits from line 25
- Amount used for the federal credit for the elderly and totally and permanently disabled from line 22.

For further assistance, go to [www.michigan.gov/incometax](http://www.michigan.gov/incometax).

## General Information - Pension Schedule (Form 4884)

### What are Retirement and Pension Benefits

Under Michigan law, qualifying retirement and pension benefits include most payments that are reported on a 1099-R for federal tax purposes. This includes defined benefit pensions, IRA distributions, and most payments from defined contribution plans. Payments received before the recipient could retire under the provisions of the plan or benefits from 401(k), 457, or 403(b) plans attributable to employee contributions alone are not retirement and pension benefits under Michigan law, are taxable, and are subject to withholding.

**Qualifying benefits include distributions from the following sources:**

- Pension plans that define eligibility for retirement and set contribution and benefit amounts in advance
- Qualified retirement plans for the self-employed
- Retirement distributions from a 401(k) or 403(b) plan attributable to employer contributions or attributable to employee contributions that result in additional employer contributions (e.g., matching contributions)
- IRA distributions received after age 59½ or described by Section 72(t)(2)(A)(iv) of the IRC (series of equal periodic payments made for life)
- Benefits from any of the previous plans received due to a disability, or as a surviving spouse if the decedent qualified for the subtraction at the time of death and was born prior to January 1, 1953
- Benefits paid to a senior citizen (age 65 or older) from a retirement annuity policy that are paid for life (as opposed to a specified number of years)

- Foreign retirement and pension benefits that meet Michigan’s qualifications may also be eligible.

**Qualifying public benefits include distributions from the following sources:**

- The State of Michigan
- Michigan local governmental units (e.g., Michigan counties, cities, and school districts)
- Federal civil service.

Retirement and pension benefits that are transferred from one plan to another (rolled over) continue to be treated as if they remained in the original plan.

**For public and private retirement or pension benefits, you may not subtract (do not include on Form 4884):**

- Amounts received from a deferred compensation plan that lets the employee set the amount to be put aside and does not set retirement age or requirements for years of service. These plans include, but are not limited to, plans under Sections 401(k), 457, and 403(b) of the IRC
- Amounts received before the recipient could retire under the plan provisions, including amounts paid on separation, withdrawal, or discontinuance of the plan
- Amounts received as early retirement incentives, unless the incentives were paid from a pension trust.

### Which Benefits are Taxable

Retirement and pension benefits are taxed differently depending on the age of the recipient. Married couples filing a joint return should complete Form 4884 based on the year of birth of the older spouse. Military and Michigan National Guard pensions, railroad retirement benefits and Social

Security benefits are exempt from tax and should be reported on the Schedule 1, line 11 or line 14.

### Who May Claim a Pension Subtraction

- **Recipients born before 1946** may subtract all qualifying retirement and pension benefits received from public sources, and may subtract qualifying private retirement and pension benefits up to \$50,509 if single or married filing separate, or \$101,019 if married filing a joint return. If your public retirement benefits are greater than the maximum amount you are not entitled to claim an additional subtraction for private pensions.

**NOTE:** In addition to the public retirement benefits listed above, the private pension limits are also reduced by the following from Schedule 1, line 11:

- Military retirement from the U.S. Armed Forces
- Retirement from the Michigan National Guard
- Railroad retirement.
- **Recipients born during the period January 1, 1946 through January 1, 1951**, do not complete Form 4884. See Schedule 1, line 24.
- **Recipients born after January 1, 1951 through December 31, 1952** will be able to deduct up to \$20,000 in qualifying retirement and pension benefits if single or married filing separate, or up to \$40,000 if married filing a joint return. Generally, all retirement or pension benefits (public and private) are treated the same unless the recipient also has significant benefits from service in the U.S. Armed Forces or Michigan National Guard, or receives taxable railroad retirement benefits. Recipients who deduct military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard, or taxable railroad retirement benefits on Schedule 1, line 11 may have lower deduction limits if these deductions total more than \$30,509 on a single return or \$61,019 on a joint return. See the instructions for line 16 or 27 of Form 4884, whichever applies, for more information.
- **Recipients born on or after January 1, 1953 but before January 2, 1956 who have reached age 62 and receive retirement benefits from employment exempt from Social Security** may deduct up to \$15,000 in qualifying

retirement and pension benefits. If both spouses on a joint return receive Social Security exempt retirement benefits, the maximum deduction increases to \$30,000. See Form 4884, line 28 instructions for more information.

- **All other recipients born after 1952**, all retirement and pension benefits are taxable and you are not entitled to a pension subtraction.

For help calculating the retirement and pension subtraction, see “Which Section of Form 4884 Should I Complete?” on page 17.

### Retirement Benefits from a Deceased Spouse

Calculate the amount of deductible retirement benefits received as a survivor of a deceased spouse based on the birth year of the deceased spouse and the filing status of the surviving spouse. Retirement benefits received as a survivor generally have a distribution code of 4 on the federal Form 1099-R. The 1099-R reports retirement benefits to the Internal Revenue Service and it is sent by the pension administrator paying the benefits.

**Example 1:** A married filer who receives retirement benefits as the surviving spouse of a decedent born in 1942 (Tier 1) would be able to subtract all public retirement benefits received from the deceased spouse and private retirement benefits received up to \$101,019, reduced by any public benefits received from the deceased spouse.

Generally, any retirement benefits deducted as a survivor reduce the amount of other retirement benefits that may be deducted.

**Example 2:** A single filer who receives retirement benefits as the surviving spouse of a decedent born in 1952 (Tier 2) would be able to subtract up to \$20,000 in qualified retirement benefits received from the deceased spouse.

**Example 3:** If the filer in Example 2 was born in 1952 (Tier 2), any retirement benefits received from the deceased spouse that are deductible will reduce the filer’s maximum deduction for retirement benefits of \$20,000.

**NOTE:** Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 1 complete Section B of Form 4884. Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 2 complete Section C of Form 4884.

Filing Status	Birth Year	Retirement Benefits Tier	Retirement Benefits Deduction Limits
Single/Separate	Before 1946	Tier 1	All public plus private benefits up to \$50,509 combined
Single/Separate	**1946 through 1952	Tier 2	\$20,000
Single/Separate	After 1952	Tier 3	***No deduction
*Joint	Before 1946	Tier 1	All public plus private benefits up to \$101,019 combined
*Joint	**1946 through 1952	Tier 2	\$40,000
*Joint	After 1952	Tier 3	***No deduction

\* On a joint return, determine the eligibility for deducting retirement benefits using the age of the older spouse.

\*\* Taxpayers born during the period January 1, 1946 through January 1, 1951 should not deduct retirement benefits; you are eligible for the Michigan Standard Deduction. See Schedule 1, line 24 instructions.

\*\*\*Taxpayers in Tier 3 who have reached age 62 and receive pension benefits from employment with governmental agencies not covered by the Social Security Act, may be eligible for a retirement and pension deduction. See Form 4884, line 28 instructions.

## Line-by-Line Instructions for Pension Schedule (Form 4884)

Visit [www.michigan.gov/incometax](http://www.michigan.gov/incometax) for help calculating the retirement and pension subtraction.

**NOTE:** For purposes of this form, single limits apply to taxpayers who are married filing separately.

*Lines not listed are explained on the form.*

**Lines 1, 2, and 3:** Enter your name(s) and Social Security number(s). If you are married filing separate returns, enter both Social Security numbers, but do **not** enter your spouse's name.

**Lines 4 and 5:** Enter your year(s) of birth. If you are married and filing separately, do not enter your spouse's year of birth.

**Line 6:** Enter deceased spouse's name, Social Security number and year of birth. If deceased spouse was born after December 31, 1952, STOP; you may not deduct retirement benefits from the deceased spouse. If you are filing your final joint tax return because your spouse died during the tax year, do not complete line 6 or check box 7B.

**NOTE:** When completing Form 4884, surviving spouse means the deceased spouse died prior to the current tax year (e.g. when filing a 2017 return the spouse died in 2007). Deceased spouse benefits do not include benefits from a spouse who died in 2017.

**Line 7:** If you have more than ten qualifying entries, continue those entries on the *2017 Michigan Pension Continuation Schedule* (Form 4973). Only include benefits from taxpayer(s) born after 1952 if you qualify to complete Section D of Form 4884 or if you are filing a joint return when the older spouse was born before 1953.

**Line 7B:** For each qualifying retirement and pension benefit attributable to a deceased spouse put an "X" in column 7B. See instructions for line 6 for more information on deceased spouse benefits.

**Line 7C:** If an individual has multiple retirement and pension benefits from the same Payer FEIN and distribution code, combine those amounts on the same line.

**Line 7D:** List the distribution code from box 7 of the federal Form 1099-R.

**Line 7F:** Include the taxable amount of retirement or pension reported in federal AGI. If you are a part-year resident only use the portion from the Michigan Schedule NR, line 10 column B.

**Line 8:** If you or your spouse reported any retirement and pension benefits from service in the U.S. Armed Forces, the Michigan National Guard or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limits. For purposes of this line, single limits apply to taxpayers who are married filing separately.

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884, and are only used to reduce the allowable deduction for private retirement and pension benefits. For example, if a joint filer born in 1945 received \$30,000 in retirement benefits from service in the U.S. Armed Forces the allowable private deduction limit reported on line 8 would be  $\$101,019 - \$30,000 = \$71,019$ .

**Line 12:** If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by \$15,000. If you checked both boxes 23C and 23F your maximum is increased by \$30,000.

**Line 15:** Carry this amount to Schedule 1, line 25. Do not complete Section B, Section C or Section D.

**Line 16:** If you or your spouse received and reported any retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard, or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limit here.

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884 and are only used to reduce the allowable deduction for private retirement and pension benefits.

### Which Section of Form 4884 Should I Complete?

Using the information from line 7, complete Section A, Section B, Section C or Section D. To determine which section of the form to complete, answer the following questions.

1. Were retirement or pension benefits received by a filer or spouse (if married filing jointly) born prior to January 1, 1953, or were surviving spouse benefits received for a deceased spouse who was born prior to January 1, 1953 and died prior to January 1, 2017?

Yes: Continue to question 2.

No: If you or your spouse (if married filing jointly) have reached age 62 and receive Social Security exempt retirement benefits, complete Section D of Form 4884, otherwise you are not eligible for a retirement or pension benefits subtraction. Do not file Form 4884.

2. Was the older of filer or spouse (if married filing jointly) born during the period January 1, 1946 through January 1, 1951?

Yes: Do not file Form 4884. Use Schedule 1, line 24 (see instructions, page 15).

No: Continue to question 3.

3. Was older of filer or spouse (if married filing jointly) born prior to January 1, 1946?

Yes: Complete Section A of Form 4884.

No: Continue to question 4.

4. Is filer or spouse (if married filing jointly) receiving benefits from a deceased spouse who was born prior to January 1, 1946 and died prior to January 1, 2017?

Yes: Complete Section B of Form 4884.

No: Complete Section C of Form 4884.

**Line 22:** Do not include benefits received from a deceased spouse (who died prior to 2017).

**Line 23:** If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by \$15,000. If you checked both boxes 23C and 23F your maximum is increased by \$30,000.

**Line 26:** Carry this amount to Schedule 1, line 25. Do not complete Section A, Section C or Section D.

**Line 27:** If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by \$15,000. If you checked both boxes 23C and 23F your maximum is increased by \$30,000.

Taxpayers who were born after January 1, 1951, who are receiving benefits from a deceased spouse who was born during the period January 1, 1946 through January 1, 1951 should also use Section C to calculate the deduction for retirement and pension benefits. Benefits received due to individuals born after 1952 are not deductible. If you deducted military retirement benefits, or taxable railroad retirement benefits on Schedule 1, line 11, your deduction for retirement or pension benefits received from a private source may be reduced.

To determine your allowable subtraction, use Worksheet 2 if you have taxable railroad retirement benefits or qualifying retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard and you are completing Section C of Form 4884.

Carry this amount to Schedule 1, line 25. Do not complete Section A, Section B, or Section D.

**Line 28:** If you checked box 23C and/or 23F on Schedule 1 and the older of you or your spouse was born on or after January 1, 1953 but before January 2, 1956, enter all qualifying retirement and pension benefits you received, up to \$15,000. If you are receiving benefits as a surviving spouse, your deceased spouse's birth date should not be considered unless you are filing a joint return for the year of your spouse's death. If both spouses on a joint return have retirement benefits from employment exempt from the Social Security Act, the maximum deduction is \$30,000.

Recipients who deduct taxable railroad retirement benefits or military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard on Schedule 1, line 11 may have lower deduction limits on this line if the Schedule 1, line 11 totals more than \$35,509. For additional information and to determine your allowable subtraction, refer to the "Worksheet for Filers with Taxable Railroad Retirement Benefits or Qualifying Retirement and Pension Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Section D of Form 4884" available on Treasury's Web site.

Carry this amount to Schedule 1, line 25. Do not complete Section A, Section B, or Section C.

**Worksheet 2 for Filers with Taxable Railroad Retirement Benefits or Qualifying Retirement and Pension Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Section C of Form 4884**

1. Enter military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard and taxable railroad retirement benefits reported on Schedule 1, line 11. ....	1.		00
2. Enter public retirement and pension benefits reported on Form 4884, line 7. ....	2.		00
3. Add lines 1 and 2. ....	3.		00
4. Enter private retirement and pension benefits reported on Form 4884, line 7. ....	4.		00
5. Enter \$50,509 if single or \$101,019 if filing jointly. ....	5.		00
6. Subtract line 3 from line 5. If less than zero, enter \$0. ....	6.		00
7. Enter the smaller of line 4 or line 6. ....	7.		00
8. Add line 2 and line 7. ....	8.		00
9. Enter \$20,000 if single or \$40,000 if filing jointly. Higher limits apply if you checked Schedule 1, box 23C or 23F (see line 11 below). ....	9.		00
10. Enter the smaller of line 8 or line 9 here and on Form 4884, line 27. ....	10.		00
<b>Calculation for filers with benefits from employment exempt from the Social Security Act</b>			
11. Enter \$20,000 if single or \$40,000 if filing jointly. ....	11.		00
12. If you checked box 23C or 23F on Schedule 1, enter \$15,000 for each box checked. ....	12.		00
13. Add line 11 and line 12. This is your maximum deduction for line 9 of this Worksheet. ....	13.		00

## Form 4884 Various Scenarios

### Scenario 1: Single filer born after January 1, 1951 through December 31, 1952 (Tier 2) with retirement/pension benefits.

Henry is filing as single. He was born in 1952 and is receiving a private pension of \$25,000 with a distribution code of 7.

Step 1: After completing lines 1 and 2, Henry enters 1952 on line 4.

Step 2: He completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E, and \$25,000 in 7F. ....	Line 7F, Row 1.....	\$25,000
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Step 3: Henry refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed.

- Henry answers yes to question 1 as he was born prior to January 1, 1953.
- He answers no to question 2 because he was not born during the period January 1, 1946 through January 1, 1951.
- He answers no to question 3 because he was not born prior to January 1, 1946.
- He answers no to question 4 because he is not receiving benefits from a deceased spouse. Based on his answers he completes Section C of Form 4884.

Step 4: Since he is single and his total pension benefits are over the maximum allowed, Henry enters the maximum of \$20,000 on line 27 and on the Schedule 1, line 25.....	Line 27.....	\$20,000
	Schedule 1, Line 25.....	\$20,000

### Scenario 2: Joint filer with the older spouse born prior to January 1, 1946 (Tier 1) with private and public retirement/pension benefits.

Jerry and Beverly are filing a joint return. Jerry was born in 1943 and is receiving a public pension of \$40,000 with a distribution code of 7. Beverly was born in 1946 and is receiving a private pension of \$70,000 with a distribution code of 7.

Step 1: After completing lines 1 through 3, Jerry and Beverly enter 1943 on line 4 and 1946 on line 5.

Step 2: They complete row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and \$40,000 in 7F. ....	Line 7F, Row 1.....	\$40,000
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They complete row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and \$70,000 in 7F .....	Line 7F, Row 2.....	\$70,000
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Step 3: Jerry and Beverly refer to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. They answer yes to question 1, no to question 2, yes to question 3 and complete Section A of Form 4884.

Step 4: They enter \$101,019 on line 8 as they are married filing jointly. ....	Line 8.....	\$101,019
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Step 5: They enter \$40,000 on line 9, the total of their public pension benefits. ....	Line 9.....	\$40,000
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Step 6: They subtract line 9 from line 8 and enter \$61,019 on line 10.....	Line 10.....	\$61,019
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Step 7: They enter \$70,000 on line 11, the total of their private pension benefits. ....	Line 11.....	\$70,000
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Step 8: They leave line 12 blank as it does not apply to them .....	Line 12.....	leave blank
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Step 9: They enter \$70,000 on line 13, the total of lines 11 and 12.....	Line 13.....	\$70,000
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Step 10: They enter \$61,019, the smaller of lines 10 or 13.....	Line 14.....	\$61,019
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Step 11: They add lines 9 and 14, enter \$101,019 on line 15 and carry this amount to Schedule 1, line 25.	Line 15.....	\$101,019
	Schedule 1, Line 25.....	\$101,019

**Scenario 3: Married filing separately with filer born after January 1, 1951 through December 31, 1952 (Tier 2) and separated spouse born prior to January 1, 1946 (Tier 1).**

James and Phyllis are married filing separately. James was born in 1951 and is receiving a public pension of \$50,000. Phyllis was born in 1941 and is receiving a public pension of \$45,000.

- Step 1: As James is married filing separately, he completes lines 1 and 2, leaves the spouse’s name line blank, and includes the spouse’s Social Security number on line 3.
- Step 2: James enters 1951 on line 4 and skips line 5.
- Step 3: He completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and \$50,000 in 7F. .... Line 7F, Row 1..... \$50,000
- Step 4: James refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. He answers yes to question 1, no to question 2, no to question 3 because the separated spouse’s year of birth is not relevant, no to question 4 and completes Section C of Form 4884.
- Step 5: Since he is married filing separately and his total pension benefits are over the maximum allowed, James enters the maximum of \$20,000 on line 27 and on the Schedule 1, line 25. .... Line 27..... \$20,000  
Schedule 1, Line 25..... \$20,000

**Scenario 4: Single filer born after January 1, 1951 through December 31, 1952 (Tier 2) with SSA exempt benefits.**

Monique is filing as single. She was born in 1952 and is receiving a pension of \$25,000 as a retired firefighter.

- Step 1: After completing lines 1 and 2, Monique enters 1952 on line 4.
- Step 2: She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and the \$25,000 in 7F. .... Line 7F, Row 1..... \$25,000
- Step 3: She refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, no to question 4 and completes Section C of Form 4884.
- Step 4: Since she is single and receiving benefits from employment that was SSA exempt her maximum allowable pension deduction is increased from \$20,000 to \$35,000. She would enter \$25,000, the lesser of her total retirement and pension benefits or the maximum allowable pension deduction, on line 27 and on the Schedule 1, line 25. .... Line 27..... \$25,000  
Schedule 1, Line 23  
23A..... 1952  
23B..... 65  
23C..... X  
Schedule 1, Line 25..... \$25,000

**NOTE:** It is important for taxpayers with benefits that were SSA exempt to check the box(es) on line 23 of the Schedule 1.

**Scenario 5: Single filer born on or after January 1, 1953 but before January 2, 1956 (Tier 3) with SSA exempt benefits.**

Leigh is filing as single, was born in 1953, and is receiving SSA exempt pension of \$8,000 and a private pension of \$10,000.

- Step 1: After completing lines 1 and 2, Leigh enters 1953 on line 4.
- Step 2: Leigh completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E and \$8,000 in 7F.
 

	Line 7F, Row 1 .....	\$8,000
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Leigh completes row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E and \$10,000 in 7F.

	Line 7F, Row 2 .....	\$10,000
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- Step 3: Leigh refers to the questionnaire on page 17 to decide which section of Form 4884 is to be completed. She answers no to question 1, but because she has reached age 62 and receives SSA exempt retirement benefits, she completes Form 4884, Section D.
- Step 4: Since Leigh is single, she enters \$15,000, which is the lesser of her total retirement and pension benefits (\$18,000) or the maximum allowable pension deduction (\$15,000) on line 28 and on the Schedule 1, line 25.
 

	Line 28.....	\$15,000
	Schedule 1, Line 23	
	23A .....	1953
	23B .....	64
	23C .....	X
	Schedule 1, Line 25 .....	\$15,000

**NOTE:** It is important for taxpayers with benefits that were SSA exempt to check the box(es) on line 23 of the Schedule 1.

**Scenario 6: Joint filers, with the older spouse born prior to January 1, 1946 (Tier 1) who died during the tax year with private pension benefits.**

Bob and Mary are filing a joint return. Bob, born in 1944, has a private pension of \$55,000. Bob died on October 15, 2017. Bob received a 1099-R for \$50,000 with a distribution code of 7 and Mary received a 1099-R for \$5,000 with a distribution code of 4 for the remainder of Bob’s pension. Mary, born in 1952, is receiving a public pension of \$70,000 with a distribution code of 7.

- Step 1: After completing lines 1 through 3, Mary enters 1944 on line 4 and 1952 on line 5. Mary does not complete line 6 or check 7B because Bob died during the current tax year.
- Step 2: Mary completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and \$50,000 in 7F.
 

	Line 7F, Row 1 .....	\$50,000
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She completes row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 4 in 7D, the name of payer in 7E, and \$5,000 in 7F .....

	Line 7F, Row 2 .....	\$5,000
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She completes row 3 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and \$70,000 in 7F .....

	Line 7F, Row 3 .....	\$70,000
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- Step 3: Mary refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. She answers yes to question 1, no to question 2, yes to question 3 and completes Section A of Form 4884.
- Step 4: She enters \$101,019 on line 8 as she is filing jointly .....

	Line 8.....	\$101,019
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- Step 5: She enters \$70,000, her public pension, on line 9.....

	Line 9.....	\$70,000
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- Step 6: She subtracts line 9 from line 8 and enters \$31,019 on line 10.....

	Line 10.....	\$31,019
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- Step 7: She enters \$55,000, the total private pension benefits, on line 11.

	Line 11.....	\$55,000
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- Step 8: Mary leaves line 12 blank as Bob is not considered a deceased spouse for purposes of this return; they are filing jointly. ....

	Line 12.....	leave blank
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- Step 9: Mary enters \$55,000 on line 13, the total of lines 11 and 12.....

	Line 13.....	\$55,000
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- Step 10: She enters \$31,019, the smaller of lines 10 or 13.....

	Line 14.....	\$31,019
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- Step 11: She adds lines 9 and 14, enters \$101,019 on line 15 and carries this amount to Schedule 1, line 25. ....

	Line 15.....	\$101,019
	Schedule 1, Line 25 .....	\$101,019

**Scenario 7: Filer and spouse both born after December 31, 1952 (Tier 3).**

Scott and Lisa are filing a joint return. Scott, born in 1954, is receiving private pension benefits of \$30,000. Lisa, born in 1957, is receiving an IRA distribution (private pension) of \$20,000.

- Step 1: As both Scott and Lisa were born after December 31, 1952 and did not check box 23C or 23F on Schedule 1, they are not entitled to a pension subtraction. Do not complete Form 4884..... Do not file Form 4884.

**Scenario 8: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1949 (Tier 2).**

Mark and Nancy are filing a joint return. Mark, born in 1953, is receiving a private pension of \$25,000. Nancy was born in 1953. Nancy’s deceased spouse, Eduardo, was born in 1949 and died in 2008. Nancy is receiving \$35,000 in surviving spouse pension benefits from Eduardo’s private pension.

- Step 1: After completing lines 1 through 3, Mark and Nancy enter 1953 on line 4 and 1953 on line 5. Nancy is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Eduardo’s full name on line 6a, his Social Security number on line 6b, and 1949 on line 6c.

- Step 2: As Mark and Nancy were both born in Tier 3 Mark’s pension is not deductible and should not be listed on line 7 of Form 4884.

They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and \$35,000 in 7F.

Line 7F, Row 1..... \$35,000

- Step 3: They refer to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, no to question 4 and complete Section C of Form 4884.

- Step 4: They are married filing jointly and enter the total of their benefits from line 7 of \$35,000, since it is less than the maximum of \$40,000, on line 27 and on the Michigan Schedule 1, line 25.....

Line 27..... \$35,000

Schedule 1, Line 25..... \$35,000

**Scenario 9: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1944 (Tier 1).**

Howard and Georgia are filing a joint return. Howard, born in 1953, is receiving a private pension of \$40,000. Georgia was born in 1955. Howard's deceased spouse, Edith, was born in 1944 and died in 2006. Howard is receiving \$30,000 in surviving spouse pension benefits from Edith's private pension.

Step 1: After completing lines 1 through 3, Howard and Georgia enter 1953 on line 4 and 1955 on line 5. Howard is receiving pension benefits from a deceased spouse so he then completes line 6. He enters Edith's full name on line 6a, her Social Security number on line 6b, and 1944 on line 6c.

Step 2: As Howard and Georgia were both born in Tier 3 their pension benefits are not deductible and should not be listed on line 7 of Form 4884.

They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and \$30,000 in 7F.....

Line 7F, Row 1 ..... \$30,000

Step 3: They refer to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, yes to question 4 and complete Section B of Form 4884.

Step 4: They enter \$101,019 on line 16 as they are filing jointly.....

Line 16..... \$101,019

Step 5: They leave line 17 blank because they are not receiving public benefits from Edith.....

Line 17..... leave blank

Step 6: They subtract line 17 from line 16 and enter \$101,019 on line 18.....

Line 18..... \$101,019

Step 7: They enter \$30,000, private benefits received from Howard's deceased spouse, Edith, on line 19.....

Line 19..... \$30,000

Step 8: They enter the smaller of lines 18 or 19, \$30,000, on line 20.....

Line 20..... \$30,000

Step 9: Howard and Georgia add lines 17 and 20 and enter \$30,000 on line 21.....

Line 21..... \$30,000

Step 10: Since Howard and Georgia are born in Tier 3 and do not have deductible benefits they would leave line 22 blank.....

Line 22..... leave blank

Step 11: They enter \$40,000 on line 23 as they are filing jointly.....

Line 23..... \$40,000

Step 12: Since line 21 is less than line 23 they enter \$10,000 on line 24.....

Line 24..... \$10,000

Step 13: They enter the smaller of lines 22 or 24, zero, on line 25.....

Line 25..... \$0

Step 14: They add lines 21 and 25 and enter \$30,000 on line 26 and Schedule 1, line 25.....

Line 26..... \$30,000  
Schedule 1, Line 25..... \$30,000

**Scenario 10: Single filer born after January 1, 1951 through December 31, 1952 (Tier 2) receiving surviving benefits from a deceased spouse born in 1939 (Tier 1).**

Alice, born in 1952, is a surviving spouse filing a single return. Her deceased husband Miguel was born in 1939 and died in 2010. Alice has public pension benefits of \$37,500 and is also receiving surviving spouse benefits from Miguel’s public pension of \$69,000.

- Step 1: After completing lines 1 and 2, Alice enters 1952 on line 4. Alice is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Miguel’s full name on line 6a, his Social Security number on line 6b, and 1939 on line 6c.
- Step 2: She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and \$37,500 in 7F. Line 7F, Row 1 ..... \$37,500  
 She completes row 2 of line 7 by entering an X in Public for 7A, entering an X in 7B, the payer FEIN in 7C, the distribution code of 4 in 7D, the name of payer in 7E, and \$69,000 in 7F. Line 7F, Row 2 ..... \$69,000
- Step 3: Alice refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, yes to question 4 and completes Section B of Form 4884.
- Step 4: She enters \$50,509 on line 16 because she is filing single. Line 16..... \$50,509
- Step 5: She enters \$69,000, public benefits received from her deceased spouse, Miguel, on line 17. Line 17..... \$69,000
- Step 6: Since line 17 is more than line 16, she enters zero on line 18 Line 18..... \$0
- Step 7: She leaves line 19 blank because she is not receiving private benefits from her deceased spouse. Line 19..... leave blank
- Step 8: She enters the smaller of lines 18 or 19, she enters zero on line 20 . Line 20..... \$0
- Step 9: Alice adds lines 17 and 20 and enters \$69,000 on line 21. Line 21..... \$69,000
- Step 10: She enters \$37,500 on line 22, the total of her benefits. Line 22..... \$37,500
- Step 11: Alice enters \$20,000 on line 23 as she is filing single Line 23..... \$20,000
- Step 12: Since line 21 is more than line 23 she enters zero on line 24. Line 24..... \$0
- Step 13: She enters the smaller of lines 22 or 24, zero, on line 25. Line 25..... \$0
- Step 14: Alice adds lines 21 and 25 and enters \$69,000 on line 26 and Schedule 1, line 25 Line 26..... \$69,000  
Schedule 1, Line 25 ..... \$69,000

**Scenario 11: Filer and spouse both born in Tier 2 with the older spouse born in 1948.**

William and Betty are Michigan residents and are filing a joint return. William, born in 1951, is receiving public pension benefits of \$10,000 and wages from a part-time job. Betty, born in 1948, is receiving private pension benefits of \$20,000.

- Step 1: As the older of William and Betty was born in 1948 (age 69 in 2017), they do not complete Form 4884 and instead complete Schedule 1, lines 23 and 24 for the Michigan Standard Deduction. This standard deduction applies against all income (pension, wages, interest, etc.) Do not file Form 4884.