Your Pension and Taxes

Your retirement benefit is federally taxable (except for previously taxed contributions). You can have federal taxes withheld from your monthly payment or make quarterly estimated tax payments. The federal tax tables, available in the Retirees section of our website at NYSTRS.org, can help you determine how much NYSTRS would withhold from your benefit payment under various scenarios.

Your retirement benefit is exempt from Social Security and Medicare tax. In addition, your retirement benefit is exempt from New York State tax. However, if you move out of New York, your benefit will be subject to the tax laws of your new state.

The site rpea.org/resources/retirement-information/pension-tax-by-state/ maintains a list that shows whether each state taxes income, NYS pensions, 457 Deferred Comp Plans, and Social Security. Based on their list, it appears that the following states do not tax NYSTRS pensions as of January 9, 2020: Alabama, Alaska, Florida, Hawaii, Illinois, Mississippi, Nevada, New Hampshire, Pennsylvania (after age 59 1/2), South Dakota, Tennessee, Texas, Washington, and Wyoming. In several other states, out-of-state pension income is partially exempt. Of course, tax rules can change at any time, and members should check with their tax preparer to confirm the tax rules in other states.

If you have any questions, please call (800) 348-7298.