

There are 15 other states where Massachusetts has reciprocal agreements with or there are no state taxes. MSERS benefit recipients would not have to pay state taxes on their retirement benefits if you live in the following states:

Alabama	Alaska	Florida	Hawaii
Illinois	Michigan	Mississippi	Nevada
New Hampshire	Pennsylvania	South Dakota	Tennessee
Texas	Washington	Wyoming	

Since January 12, 1988, all contributions to the retirement system have been made on a pre-tax basis. Consequently, only contributions made prior to January 12, 1988 will be tax-free. Pre-tax contributions and all of the interest which your account has earned will be taxable.

The balance in your annuity savings account (the total of your contributions and interest), may be treated differently, according to the nontaxable and taxable portions.

Nontaxable portion: The nontaxable portion of your balance is equal to your contributions, if any, made prior to January 12, 1988, plus any payments you made to purchase previous creditable service. This is also known as your “after-tax” portion because these contributions were deducted from your paycheck after taxes had already been taken out of the entire amount of your paycheck. Because you have already paid taxes on this portion (as well as any payments you made to purchase creditable service) you will not have to pay taxes on this amount again.

Taxable portion: The taxable portion of your balance is equal to your contributions made on or after January 12, 1988, plus any interest you receive on your account.