

## **IMPORTANT INFORMATION ABOUT THE MAINE PENSION INCOME DEDUCTION AND YOUR MAINEPERS BENEFIT**

Individuals who receive MainePERS benefits and file their taxes in the State of Maine may qualify for a pension income deduction for all or part of their MainePERS benefit. For tax year 2021, the State of Maine's pension income deduction provides for a deduction from income for up to \$10,000 for a single taxpayer and up to \$20,000 for married taxpayers.

To qualify for this deduction, the pension income must be *earned* by the person receiving the benefit, with the exception of a widowed spouse receiving survivor benefits under an eligible pension plan. A spouse who receives a portion of her/his spouse's benefit while both are living cannot take a pension income deduction for that amount. Income received by a former spouse receiving a portion of a member's benefit under a qualified domestic relations order does not qualify for this deduction.

Disability income received from MainePERS prior to reaching minimum retirement age also does not qualify for this deduction. If you receive disability income from MainePERS and you have not yet reached your minimum retirement age (typically 59 ½), your income will be reported on your form 1099R as a distribution code of "3". After you reach minimum retirement age, that code will change to a "7".

Questions about your MainePERS benefit and whether it qualifies for the Maine Pension Income Deduction should be directed to your tax advisor or the [Maine Revenue Services at 207-626-8475](https://www.maine.gov/revenue).