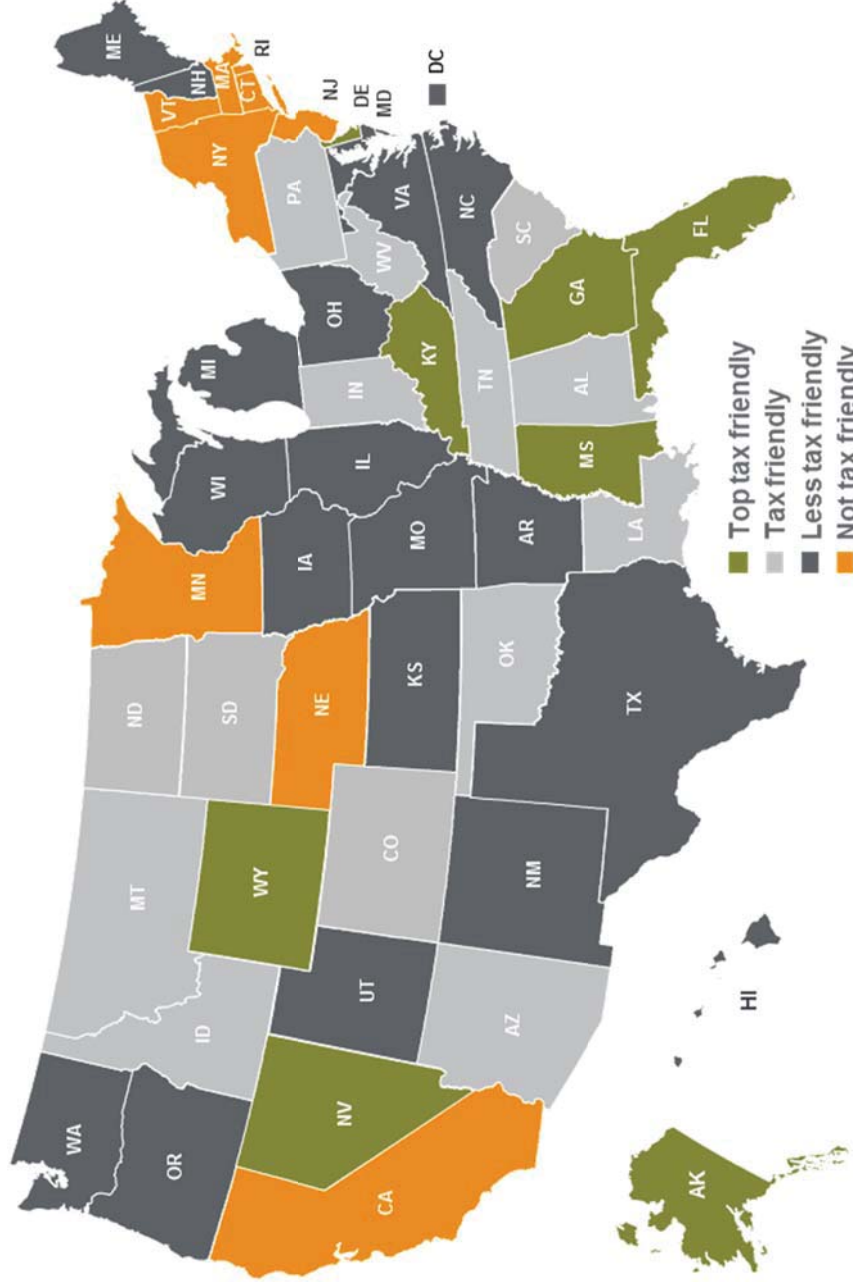


Comparison of state taxes paid by a retiree household



MODEL ASSUMPTIONS

Scenario based on retired married couple filing jointly

State income tax on¹ –

- Annual retirement plan distribution: \$80,000
- Total Social Security benefits: \$42,000

Property tax on²: 2.5x median home value by state

Sales/average local sales tax on³: Remaining income net of federal & state income and property tax

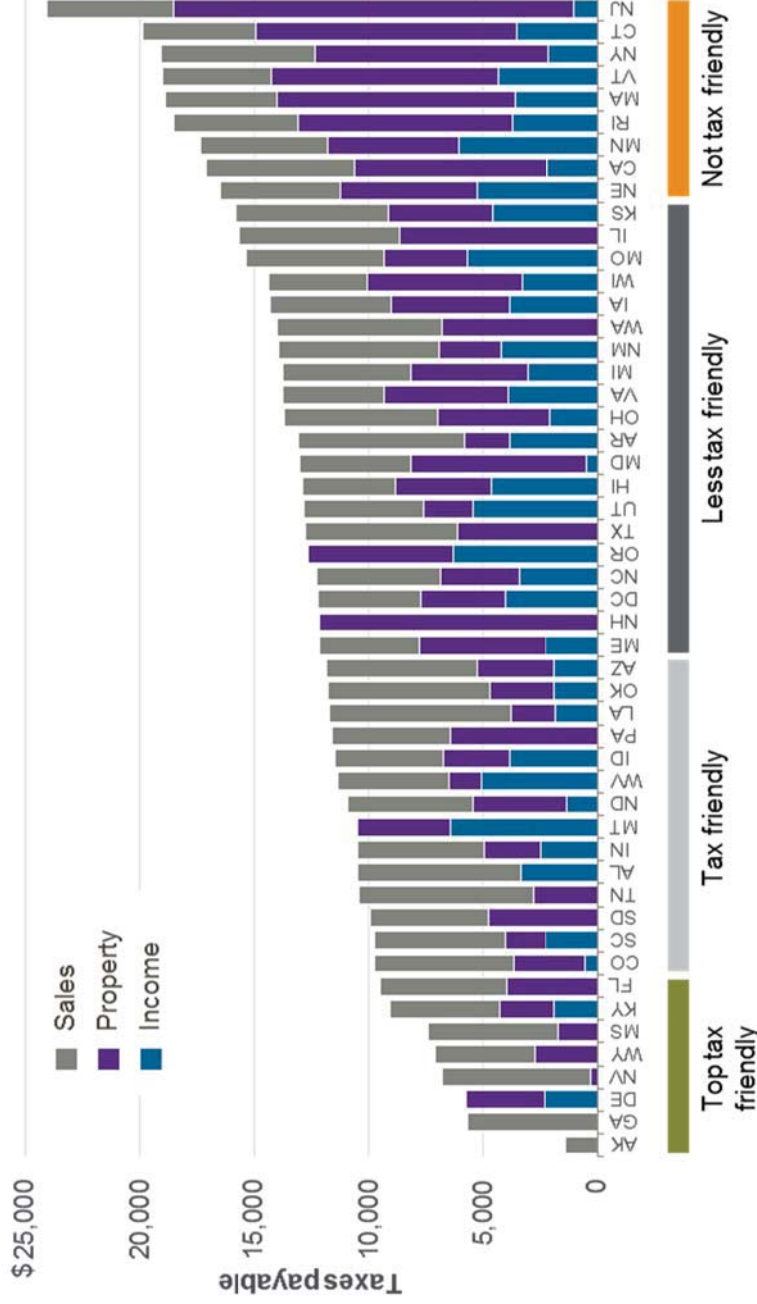
Tax favorability based on household overall effective state tax rate: Top tax friendly (<8%), Tax friendly (8%-9.9%), Less tax friendly (10%-13%), Not tax friendly (>13%). Retired married household age 65. ¹ State income tax liability is based on all taxable sources of retirement income minus allowable state personal exemptions and a standard deduction. State-specific exemptions, deductions and/or credits related to eligible retirement income and Social Security are included. States with no income tax: AK, FL, NV, SD, TX, WA, WY. States that tax interest and dividends only: TN and NH. States that tax Social Security: CO, CT, KS, MN, MO, MT, NE, NM, ND, RI, UT, VT, WV. States that do not tax retirement plan distributions or Social Security: IL, MS, PA. ² State property tax applies to home value only and includes state-specific homestead exemptions/credits. ³ States with no sales tax: AK, DE, MT, NH, OR (local taxes may apply).

Of note: CA imposes a 1% surtax on taxpayers earning more than \$1mm (\$1,074,996 married) for a top marginal tax rate of 13.3%. NYC levies an additional 3.078-3.876% on taxable income. From 2018 to 2025, certain New York tax rates will be incrementally reduced. HI top marginal income tax rate reduced to 8.25% in 2017 and increased to 11% in 2018. Illinois tax rate increased to 4.95% on all income in 2018.

Source: J.P. Morgan Asset Management. The presenter of this slide is not a tax or legal advisor, and this slide should not be used as such. Clients should consult a personal tax or legal advisor prior to making any tax- or legal-related investment decisions.

A closer look at state taxes paid by a retiree household

Composition of estimated state taxes



Effective state tax rate: **<8%** **8%-9.9%** **10%-13%** **>13%**

Retired married household age 65. ¹ State income tax liability is based on all taxable sources of retirement income minus allowable state personal exemptions and a standard deduction. State-specific exemptions, deductions and/or credits related to eligible retirement income and Social Security are included. States with no income tax: AK, FL, NV, SD, TX, WA, WY. States that tax interest and dividends only: TN and NH. States that tax Social Security: CO, CT, KS, MN, MO, MT, NE, NM, ND, RI, UT, VT, WV. States that do not tax retirement plan distributions or Social Security: IL, MS, PA. ² State property tax applies to home value only and includes state-specific homestead exemptions/credits. ³ States with no sales tax: AK, DE, MT, NH, OR (local taxes may apply).

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