Why Pennsylvania could be your "Smart Move"

- Your tax burden in retirement can be very different depending on which state you live in; (See Exhibits 1 & 2)
  - Some states say they are "no tax on retirement income" states but they do tax some forms of retirement income, e.g. 401k income; (See Exhibit 1)
  - Pennsylvania is one of only 9 states that exempt all federal, military, and in-state pensions as well as all Social Security benefits from income tax, including: AL, HI, IL, LA, MA, MI, MS, & NY

- If most of your retirement income is from an IRA or 401K, you can still face a significant tax burden even in a "no tax on retirement income" state;
  - ***Pennsylvania and Mississippi are the ONLY states that exempt all retirement income, even IRA and 401(k) distributions***

- Moving to Pennsylvania when you retire is a "Smart Move"—most states <u>don't</u> tax contributions to your retirement account <u>while you're working</u> but do tax withdrawals in retirement. Pennsylvania does the <u>opposite</u>–it doesn't tax withdrawals in retirement. ***Moving to Pennsylvania means you can legally avoid any state tax on your retirement savings!***

- Penn National is an amenity-rich community located only 11 miles from the Maryland border. That means a mild climate similar to Washington, DC, a beautiful country setting, proximity to major metropolitan hubs, and the unique tax benefits of Pennsylvania!
  - Penn National is close to urban areas for entertainment and airports–Frederick, MD (40 minutes); Baltimore, MD & Washington, DC (90 minutes); New York City (3 hours)
  - State-of-the-art Medical facilities are nearby (20 minutes), Hershey Medical Center (60 minutes)

> **<u>Pennsylvania</u>** is one of only 2 states to exempt **<u>all retirement income</u>– even IRA and 401(k)**

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Exhibit 1: State by state tax comparison

	Pennsylvania	Maryland	Delaware	North Carolina	Virginia
Bottom Line	**Tax friendly**	Mixed tax picture	Mixed tax picture	Mixed tax picture	Mixed tax picture
State Sales Tax	**6% … but food, clothes, prescription & non-prescription drugs are exempt**	6%	None	4.75%	4.3%
Income Tax	**Flat: 3.07%**	High: 5.75%	High: 6.75%	High: 7.75%	High: 5.75%
Income Sources Taxed?					
401(k), IRA	**Not Taxed**	Taxed	Taxed	Taxed	Taxed
State Pension	**Not Taxed**	Taxed	Taxed	Taxed	Taxed
Local Pension	**Not Taxed**	Taxed	Taxed	Taxed	Taxed
Fed. Pension	**Not Taxed**	Taxed	Taxed	Taxed	Taxed
Military Pension	**Not Taxed**	No	Taxed	Taxed	Taxed
Social Security	**Not Taxed**	No	No	No	No
Private Pension	**Not Taxed**	Taxed	Taxed	Taxed	Taxed

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Exhibit 2: Potential tax savings from retiring at Penn National

PENN NATIONAL
Community
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State Income Tax Comparison - Mr. & Mrs. Penn National

Disclaimer: Every effort has been made to present an accurate comparison but you should consult your own financial advisor before relying on this information in connection with a purchase of real estate.

Annual Retiree Income

Part-Time Jobs	$ 7,000
Interest Income	10,000
Dividend Income	10,000
Capital Gains (Long-term)	10,000
401(K)/IRA's	50,000
Social Security	25,000
Total Income	**$ 112,000**

*Example of retiree sources of income— If you have mostly 401k income, the tax savings will be **greater**!*

Projected Income Tax by State:

Example: Annual state taxes in PA are only ~$1K vs. ~5K in NC

	Annual Taxes	Annual PA Advantage	Advantage Over 20 Years
Pennsylvania	$ 1,136	$ -	$ -
Maryland (Montgomery Co.)	$ 3,630	$ 2,494	$ 49,880
Maryland (Frederick Co.)	$ 3,518	$ 2,382	$ 47,640
Delaware	$ 1,604	$ 468	$ 9,360
North Carolina	$ 4,862	$ 3,726	$ 74,520
Virginia	$ 3,252	$ 2,116	$ 42,320

Projected State Taxes based on income breakdown

You could save $50K in taxes over a 20 year period by retiring at Penn National – even more if most of your Retirement Income is from a 401k!