

Comparison of State Taxes & Cost of Living

Delaware *vs.* Neighboring States



Income Taxes		Advantage Delaware		Virtually Same as Delaware	Advantage Virginia	Virtually Same as Delaware
<i>Basic Tax Rates</i>	Six marginal tax brackets from 2.2% to 6.6%.	Eight marginal tax brackets from 2% to 5.75%. Plus an additional 1.75% to 3.2% tax is levied in all counties and Baltimore City.	Six marginal tax brackets from 1.4% to 8.97%.	Flat Tax Rate of 3.07%. with no personal exemptions. However, most municipalities tax earned income at 2.95% (+/-).	Four marginal tax brackets from 2% to 5.75%.	Seven marginal tax brackets from 3% to 6.99%.
Retirement Plans		Advantage Delaware		Advantage Pennsylvania	Advantage Delaware	
<i>Pensions or Annuities received under a 401(a), 403(b) & 457(b)</i>	At age 60 or over, a taxpayer can exclude up to \$12,500 per person (\$25,000 per couple) of investment and qualified plan income, including out of state govt. pensions.	At 65, up to <u>\$29,000 per person</u> may be excluded (including Social Security) if income is received from an "employee retirement system."	Age 62 or older can <u>exclude up to \$30,000 (single) & \$40,000 (married)</u> of income received from taxable pensions, annuities, and IRA withdrawals.	After age 59 ½ <u>all retirement income is exempt from state income tax.</u>	Age 65+ receives a <u>\$12,000 deduction per filer</u> against all types of income. <u>Limited to taxpayers with AGI under \$50,000 (single) or \$75,000 (married).</u> <u>Exception:</u> Congressional Medal of Honor recipients.	<u>All income taxable for federal income tax purposes is subject to CT income tax</u> , including income from wages, pensions, interest, dividends, annuities, capital gains, etc. (RR Retirement & military pensions are excluded)
<i>IRA, Roth IRA, SEP, Keogh Plans</i>		No exclusion for IRA, Roth IRA, SEP & Keogh plans, including deferred compensation plans.				
Social Security		Same as Delaware	Same as Delaware	Same as Delaware	Same as Delaware	Advantage Delaware
<i>Income from Social Security & Railroad Retirement</i>	Excluded from Delaware income tax.	<u>Excluded from Maryland income tax.</u>	<u>Excluded from New Jersey income tax.</u>	<u>Excluded from Pennsylvania income tax.</u>	<u>Excluded from Virginia income tax.</u>	Excluded if Adjusted Gross Income (AGI) is below \$50k single or \$60k married.
Sales Tax (incl. average local tax)		Advantage Delaware				
<i>General</i>	0%	6%	6.625%	6% to 8%	5.3% to 7%	6.35%
<i>Alcohol</i>	0%	9%	6.625% to 9.625%	6% to 8%	5.3% to 7%	6.35%
<i>Auto</i>	3.75%	6%	6.625%	6% to 8%	4.15%	6.35% to 7.75%



Personal Property Tax		Same as Delaware	Same as Delaware	Same as Delaware	Advantage Delaware	
Auto/Vehicle	No Tax	No Tax	No Tax	No Tax	3.7% to 5% Annually	3½% +/- Annually
Real Estate Tax - Residence		Advantage Delaware				
\$250,000 Home	\$700 +/-	Regardless of what major urban area you are moving from, your real estate taxes are SIGNIFICANTLY LOWER in Delaware (often by a factor of 4 to 10 times lower)! <i>Homeowners age 65 or over with 10 years of residency are eligible for a tax credit against property taxes of 50% up to \$400. If residency was established between 1/1/12 and 1/1/18 the \$400 tax credit only requires 3 years of residency.</i>				
\$500,000 Home	\$1,400 +/-					
\$1Million Home	\$2,800 +/-					
Estate &/or Inheritance Tax		Advantage Delaware			Same as Delaware	Advantage Delaware
A tax on the right to pass or receive an estate.	None. No Inheritance or Estate Tax	Exempts up to \$5 million from estate, but imposes an inheritance tax of up to 10%	No estate tax, but an inheritance tax of 11% to 16% above \$25,000.	Inheritance tax rate is 4.5% for direct descendants, 12% for siblings and 15% for other heirs.	None. No Inheritance or Estate Tax	Exempts up to \$3.6 million from estate and matches federal estate exemption after 2019.

Sources: Kiplinger.com, TaxFoundation.org, Tax-Brackets.org, RetirementLiving.com/taxes-by-state, Institute on Taxation & Economic Policy (itep.org), SalesTaxHandbook.com and various State Tax Agencies.

Cost of Living:

Cost of Living Differential		Advantage Delaware			Advantage Virginia	Advantage Delaware
Source: Bankrate.com/cost-of-living-calculator	Moving to Dover, Delaware	11.61% More Expensive Moving from Baltimore Metro Area	21.25% More Expensive Moving from Newark Metro Area	16.57% More Expensive Moving from Philadelphia Metro Area	5.6% Less Expensive (Except northern Virginia) Moving from Richmond Metro Area	19.86% More Expensive Moving from Hartford Metro Area

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