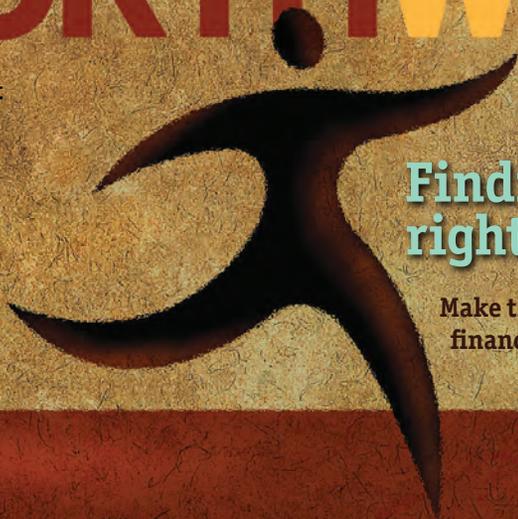


RAYMOND JAMES PRESENTS

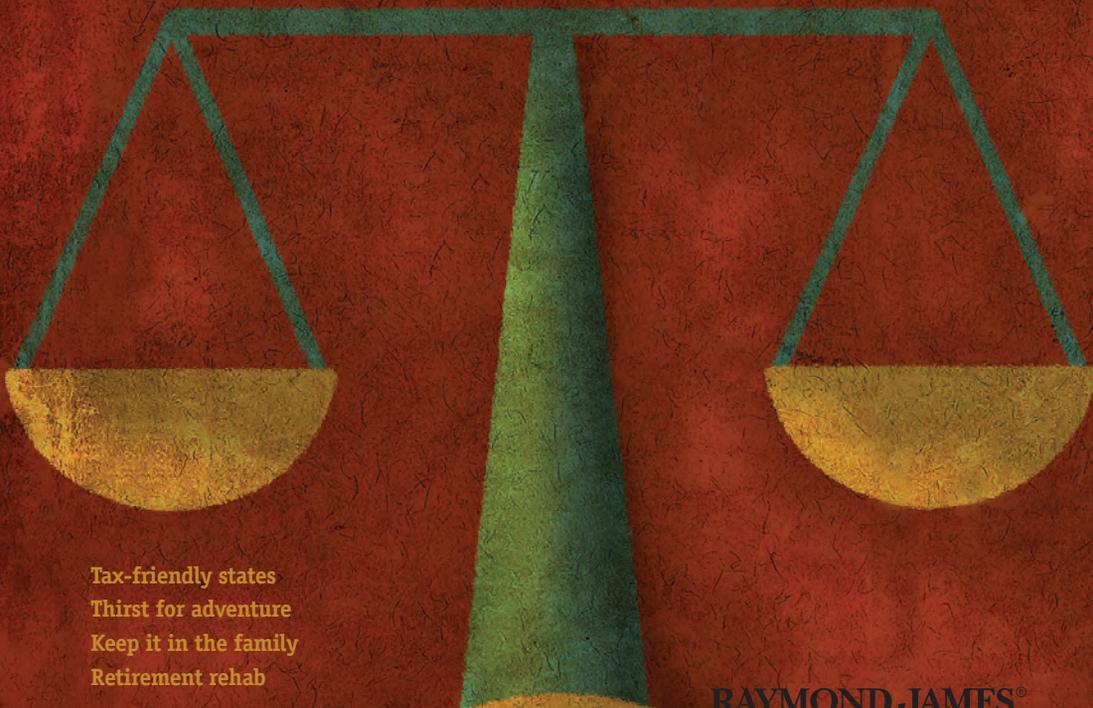
# WORTHWHILE

A publication of  
thoughtful insight  
dedicated to the  
life well planned.



## Finding the right balance

Make the most of life's  
financial tradeoffs



Tax-friendly states  
Thirst for adventure  
Keep it in the family  
Retirement rehab

RAYMOND JAMES®

# The state of lower taxes

*Sales, property, inheritance tax burdens can vary widely*

**W**hether you're a young family just starting out, a business owner planning to expand to a neighboring state or retirees looking for a new adventure, the state you live in – and how taxes are assessed and applied there – may very well determine how far your income goes each month.

In fact, the “litmus test” for what state is best suited for your income and lifestyle may vary greatly. Consider, for example, the presence or absence of a state income tax. That may suggest taxes in that state are low, but sales and property taxes may be higher to compensate.

According to Kiplinger, other factors to consider when comparing states as prospective places to retire include:

## **Taxes on retirement-plan distributions**

Depending on the state, pensions – whether private or public – are treated differently. Some states exempt a portion of pension income from taxation. Some entirely exempt all federal pensions, including those earned in service to the military or state government. Others exempt both pensions as well as distributions from IRAs and 401(k) plans. Still other states tax most pensions, as well as other types of retirement income.

## **Taxes on Social Security benefits**

Depending on your income you may be required to include up to 85% of your Social Security benefits in your taxable income when filing your federal return. While in recent years many states have been moving away from taxing Social Security benefits, 14 states still tax them.



## Income taxes

Several states don't collect individual income tax: Alaska, Florida, Nevada, South Dakota, Wyoming, Texas and Washington among them. That goes a long way to making the first five the top tax-friendly states in the union, according to the nonpartisan Tax Foundation. Remember, though, counties, cities and towns can levy sales taxes that may make tax-friendly states a little less inviting.

## Sales taxes

Carefully weigh all state and local sales taxes in your evaluation. Some states don't tax food and medicine; others have no sales tax at all; and still others will tax everything you spend. Most also allow cities and counties to assess their own sales taxes.

## Property taxes

Learn how the local jurisdiction generates property tax bills. The key factors to evaluate here: the percentage of a home's assessed value that is subject to tax and, separately, the property tax rate. For example, if Paul and Suzanne own a \$250,000 home in Michigan, its property is generally assessed at 50% of its true cash value. On a \$250,000 property taxed at 100% of its assessed value with a 2% tax rate, the property tax bill would be \$5,000. If instead the property is taxed at 50% of its assessed value, with a 2% tax rate, the tax bill would be \$2,500. Conversely, the same \$250,000 home in Florida would be fully taxed at 100% of its valuation, the same as all property in the state.

## Estate and inheritance taxes

Some states levy their own estate tax as well as an inheritance tax that requires heirs to pay taxes on inherited assets. Many of these taxes, in fact, are triggered at levels lower than the



federal threshold. As a result, retirees also should make sure their estate plans account for both federal and state taxes.

Of course, low taxes shouldn't be the main reason behind your desire to relocate. But that certainly could be a factor if you're considering several destinations for your new home. Just remember to think through the implications before making a move. You don't want to be surprised by an unexpectedly large tax bill at any level – city, county, state or, for that matter, federal – particularly if you're living within a budget. Your tax and financial professionals can help.



Raymond James financial advisors do not render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional.

## One nation, different taxes

According to the nonpartisan Tax Foundation's 2014 State Business Tax Climate report, which aggregates business as well as personal tax data in all 50 states, certain states are much kinder to your wallet than others.

Tap on each number to discover the most and least tax-friendly in the union (overall by ranking).



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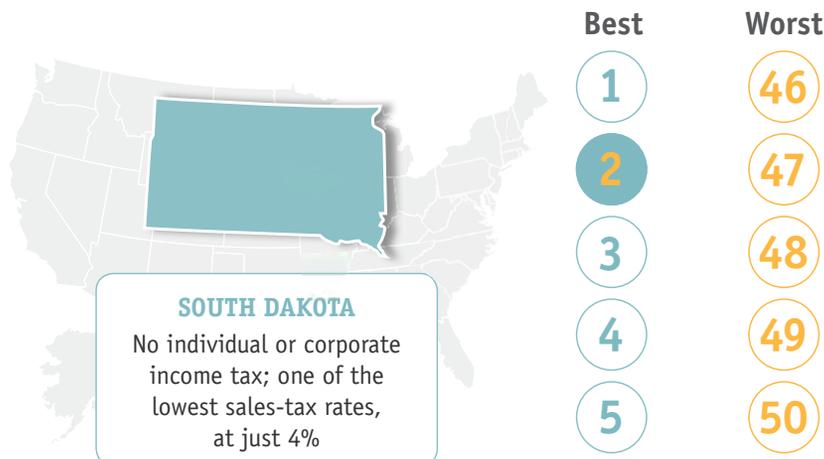


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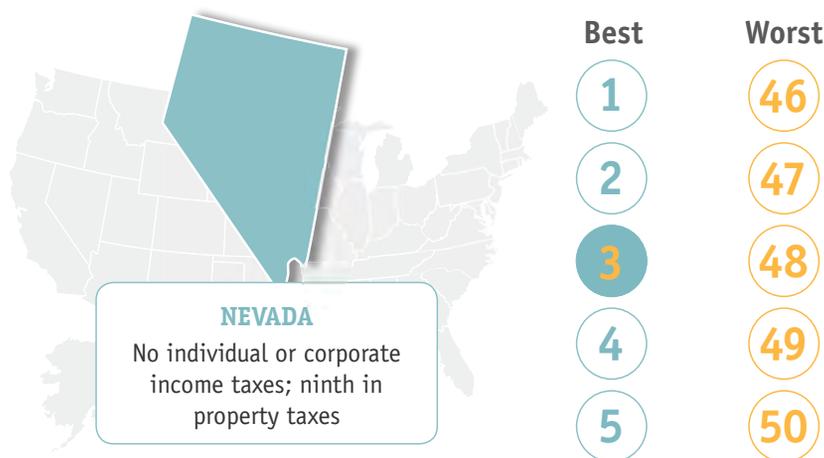


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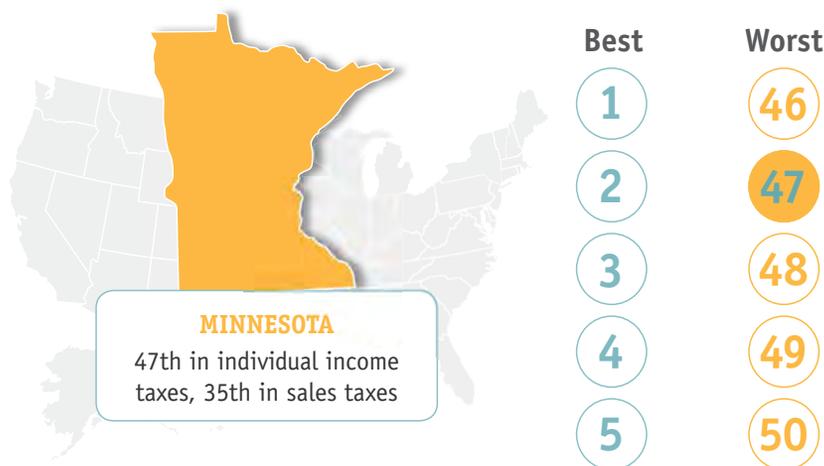


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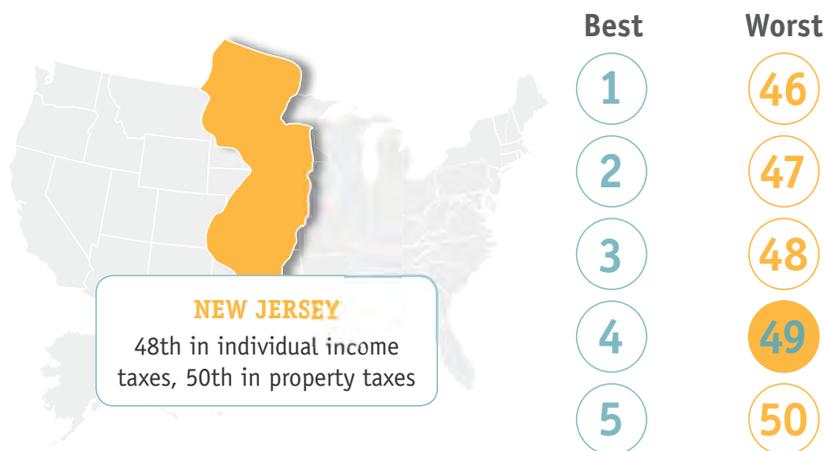


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