

TOOL | November 2019

State-by-State Guide to Taxes on Retirees

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SOUTH CAROLINA

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The Bottom Line

Most Tax-Friendly



The Palmetto State extends some real southern hospitality to retirees by offering a charming collection of income tax breaks. To start, Social Security benefits are completely exempt. In addition, taxpayers age 65 or older can exclude up to \$10,000 of retirement income (up to \$3,000 for taxpayers under 65). Seniors can also deduct \$15,000 from other taxable income (\$30,000 for joint filers).

Low property tax rates in South Carolina help retirees, too. The state-wide average property tax on a \$400,000 home in the state is only \$2,404. That's the fourth-lowest amount in the country. Plus, seniors can also claim a homestead exemption for the first \$50,000 of their property's fair market value.

The bad news: Sales taxes are on the high end in South Carolina, with an average combined rate of 7.46%. Counties also impose an annual tax on your motor vehicle's value.

State Sales Tax

6% state levy. Localities can add as much as 3%, and the average combined rate is 7.46%, according to the Tax Foundation.

Income Tax Range

Low: 3% (on taxable income over \$2,970)

High: 7% (on taxable income over \$14,860)

Social Security

Benefits are not taxed.

Exemptions for Other Retirement Income

Taxpayers age 65 or older can exclude up to \$10,000 of retirement income (up to \$3,000 for taxpayers under 65). Joint filers can each claim the exemption.

In addition, for the 2019 tax year, taxpayers age 65 and older can exclude up to \$27,000 of income from a military retirement plan (up to \$14,600 in 2019 for taxpayers under 65). However, excluded military retirement income cannot also be counted toward the general \$10,000 retirement income exclusion. The military retirement income exclusion increases to \$30,000 in 2020 (\$17,500 for taxpayers under 65). Joint filers can each claim the exemption.

Taxpayers age 65 or older can also deduct \$15,000 (\$30,000 for joint filers) from all taxable income. However, the deduction must be reduced by the amount of retirement income excluded.

Railroad Retirement benefits are fully exempt.

Property Taxes

In South Carolina, residents pay an average \$601 in taxes per \$100,000 of assessed home value.

Tax breaks for seniors: For homeowners 65 and older, the state's homestead exemption

allows the first \$50,000 of a property's fair market value to be exempt from local property taxes. To qualify, you must have been at least 65 years old and a legal resident of South Carolina for one year, as of December 31 of the preceding year.

Vehicle Taxes

Sales tax is due on purchases. South Carolina levies an annual tax on a vehicle's value. Counties set the rate. Example: If you own a \$10,000 car, your personal property tax would be \$173 (based on the average statewide rate).

Inheritance and Estate Taxes

None.

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Retirement Income Calculator ⁱ

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Annual Income ⁱ

\$ 91,918

Current Savings ⁱ

\$ 25,000

Monthly Savings ⁱ

\$ 459

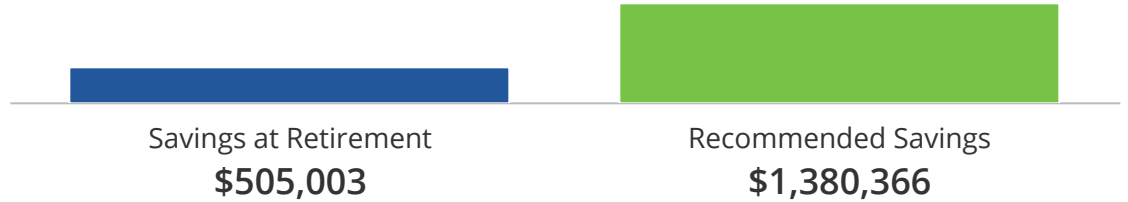
6% of income

Birth Year

1985

We recommend saving **\$1,380,366** at retirement. This will cover **\$131,234** per year in retirement income. *Follow this link to see your 3 financial advisor matches*

Retirement Age ⁱ 66



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