

2026 RETIREE TAX MASTER SHEET

The "First State" Advantage: Delaware vs. The Region

"For residents of PA, NJ, NY, MD, and VA, moving to Delaware isn't just a relocation—it's an immediate financial upgrade to your retirement lifestyle."

Tax Category	DELAWARE	PA	NJ	MD	NY	VA
Sales Tax	0%	6-8%	6.625%	6%	4-8.8%	5.3-7%
Social Security	EXEMPT	Exempt	Exempt	Exempt	Exempt	Exempt
Pension/401k	\$12,500 Excl.*	Exempt	Taxed	Taxed	Part-Excl.	Taxed
Inheritance Tax	NONE	YES (4.5%+)	None	YES (10%+)	None	None
Local Income Tax	NONE**	YES (EIT)	None	YES (Piggy)	YES (NYC)	None
Avg. Property Tax	\$1,500-\$3,500	\$4k-\$7k	\$9,500+	\$4,800+	\$6,000+	\$3,200+

DELAWARE 2026 GRADUATED TAX BRACKETS

Taxable Income Range	Rate	Taxable Income Range	Rate
\$0 – \$2,000	0.0%	\$10,001 – \$25,000	4.8% - 5.2%
\$2,001 – \$5,000	2.2%	\$25,001 – \$60,000	5.55%
\$5,001 – \$10,000	3.9%	\$60,001+	6.6%

The "Effective Rate" Reality

Don't let the 6.6% top bracket scare you. Because of Delaware's **\$12,500 pension exclusion** and graduated brackets, the "actual" percentage most retirees pay to the state is only **3% to 4%**.

The PA/MD "Inheritance" Factor: While PA doesn't tax pensions, they tax your legacy. PA and MD hit heirs with taxes up to 15%. In Delaware, your family keeps 100% of what you leave them.