

# Election to Exclude Military Retirement Benefits From Nebraska Taxable Income

• This is a one-time election.

|   |               |                                   |   |
|---|---------------|-----------------------------------|---|
| First Name and Initial                                | Last Name     | Please Do Not Write In This Space |   |
| Current Mailing Address (Number and Street or PO Box) |               |                                   |   |
| City  | State         |                                   | Zip Code  |
| Social Security Number                                | Date of Birth |                                   | Date of Retirement — Separation Date as Shown on DD Form 214, NGB Form 22, or Equivalent. See instructions. |

I elect to exclude from my Nebraska Taxable Income:

**Option 1:** 40% of my military retirement benefit income for seven consecutive taxable years beginning with the year in which this election is made;

**or**

**Option 2:** 15% of my military retirement benefit income for all taxable years beginning with the year in which I turn 67 years of age.

Reservists and others retiring who will not receive benefits immediately, please review the instructions to determine the option that provides maximum benefit to you.

In making this election, I certify that:

- I retired from the uniformed services of the U.S.;
- I am eligible to receive military retirement benefits; and
- **This election is being made within two years after my military retirement date (separation date).**

Attached is official documentation showing that I retired and the date of my retirement, such as a copy of my  DD Form 214 (Member-4 copy), DD Form 215, DD Form 363, or NGB Form 22. Official retirement orders will be accepted if one of the listed forms is not available.

Under penalties of perjury, I declare that I have examined this election and to the best of my knowledge and belief, it is correct and complete.

sign  
here

Military Retiree Signature

Date

Daytime Phone Number

Email Address

## Instructions

**Purpose of Form.** Nebraska law allows an individual who retires from the uniformed services of the U.S. to exclude from Nebraska taxable income a portion of his or her military retirement benefit income for tax years beginning on or after January 1, 2015. An individual may elect to exclude a portion of his or her military retirement benefit income only to the extent it is included in the individual's federal adjusted gross income (AGI) and is attributable to the individual's service in the uniformed services of the U.S.

**Who May File.** An individual who retires from the uniformed services of the U.S. may make a **one-time** election to exclude a portion of his or her military retirement benefit income from Nebraska taxable income. The individual must make the election within two years after his or her retirement date.

**Note:** An individual who retires from the uniformed services and fails to make the election within two years of his or her retirement (separation) date, is **not** eligible for any exclusion.

**When to File.** The Form 1040N-MIL must be filed within two years after the individual's date of retirement from the uniformed services of the U.S. If you are married, filing jointly, and each spouse is eligible to make the election, then each spouse must make a separate election within two years after his or her retirement date. For example, if you selected Option 1, the exclusion of 40% of an individual's military retirement benefit, you must file your Form 1040N-MIL prior to January 1, 2021 to claim the deduction on your 2020 tax return.

**DOR will notify you when your election is approved or denied.**

Mail the Form 1040N-MIL to: **Nebraska Department of Revenue, PO Box 94609, Lincoln, NE 68509-4609**  
**revenue.nebraska.gov, 800-742-7474 (NE and IA), 402-471-5729**

**Retain a copy for your records.**

**Election Date.** The election may be filed in person or by mail. If the election is filed by mail, postage prepaid, and properly addressed to the Nebraska Department of Revenue (DOR), the date of the U.S. Postal Service postmark stamped on the envelope is the date the election was made. If there is no U.S. Postal Service postmark, the date the election was made is the date it is received by DOR.

**Where to File.** Mail the Form 1040N-MIL to:

Nebraska Department of Revenue  
PO Box 94609  
Lincoln, NE 68509-4609

**What to File.** Official documentation, including information to show that the individual retired and the separation date from the military, is required. A copy of a DD Form 214 (Member-4 copy), DD Form 215, DD Form 363, or NGB Form 22 must be attached. Retirement orders will be accepted when the above forms are not available.

If you are married, and each spouse is eligible to make the election, a separate Form 1040N-MIL must be filed by each spouse making the election to exclude a portion of his or her military retirement benefit.

**Military Retirement Benefit.** Military retirement benefit is defined as “retirement benefits that are periodic payments attributable to service in the uniformed services of the U.S. for personal services performed by an individual prior to his or her retirement.” Military retirement benefits (for purposes of the election) do not include annuity payments to a spouse, former spouse, or child that are based on another individual’s military service, nor do they include payments received by a former spouse of a retired military member, under a final decree of divorce, dissolution, annulment, or legal separation, or a court-ordered, ratified, or approved property settlement pursuant to a decree dividing military retirement pay.

**Retirement Date.** Your retirement date is the date you separated from the military. If you reentered the military after your initial separation date, your retirement date is your most recent separation date. Your separation date is listed in Box 12b of your DD Form 214, or as shown on your NGB Form 22. Please send the most recent form issued after your last separation date.

**Note:** The retirement date for a National Guard member or Reservist is still the date of separation (date you are placed on the retired reserve list) from the military, even though you might not begin to collect military retirement benefits until your 60th birthday.

**The Election.** An individual may elect:

- **Option 1:** To exclude 40% of his or her military retirement benefit income for seven consecutive taxable years beginning with the year in which the election is made; or
- **Option 2:** To exclude 15% of his or her military retirement benefit income for all taxable years beginning with the year in which he or she turns 67 years of age.

An individual who retires from the uniformed services of the U.S, but who does not begin receiving military retirement benefits immediately upon retirement, still must make the election to exclude a portion of his or her military retirement benefits within two years after his or her retirement date. An individual who elects to exclude 40% of his or her military retirement benefits may lose one or more years of the exclusion because he or she is not receiving military retirement benefits in one or more of the seven consecutive years following the election.

**Once an individual has made an election, it cannot be changed.** Please be cautious and weigh all of your options before making the election.

**National Guard and Reserve Branches.** The retirement date for a National Guard member or Reservist is the date of separation from the military. An individual who retires from the National Guard or a Reserve branch must make the election to exclude a portion of his or her military benefits within two years after his or her retirement date even though he or she may not begin to receive military retirement benefits until his or her 60th birthday. For those National Guard members and Reservists who do not begin to receive military retirement benefits until several years after they are required to make this election, very few will receive any tax benefit if they elect Option 1. Please note that, if the date you expect to begin receiving military retirement benefits is more than seven years after the date you are required to make this election, you will only receive a tax benefit if you elect Option 2.

**Signature.** This form must be signed and dated by the military retiree making the election. Include your daytime phone number and email address in case DOR has reason to contact you. By including your email address, you are agreeing that DOR may use it to transmit confidential information through a secure website.