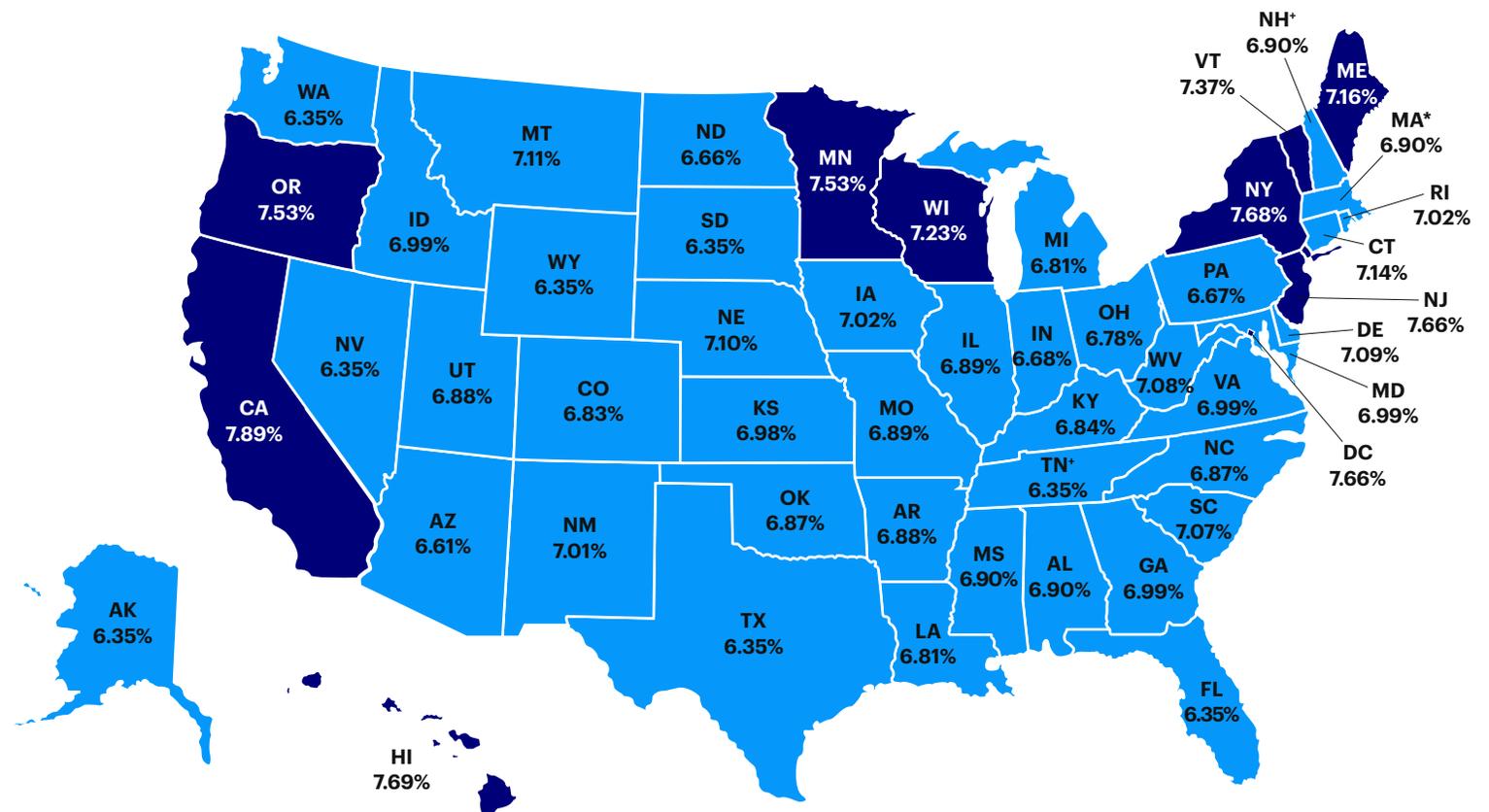


# The impact of taxes

## What you need to break even

The following map shows the rate of return required for your investments to break even if you live in the corresponding state. It takes into account federal taxes (at the 37% marginal rate), state tax where applicable and a 4% rate of inflation.

State comparison of total return needed to break even after federal taxes at 37%, state income taxes and 4% inflation



■ Top 10 states with highest total returns needed to break even after taxes

## Impact of state income tax rates (%) on the highest rate of return needed to break even (%)

State	Tax Rate <sup>1</sup>	Total Return <sup>2</sup>	State	Tax Rate <sup>1</sup>	Total Return <sup>2</sup>	State	Tax Rate <sup>1</sup>	Total Return <sup>2</sup>	State	Tax Rate <sup>1</sup>	Total Return <sup>2</sup>	State	Tax Rate <sup>1</sup>	Total Return <sup>2</sup>
Alabama	5.00	6.90	Hawaii	11.00	7.69	Massachusetts*	5.00	6.90	New Mexico	5.90	7.01	South Dakota	0.00	6.35
Alaska	0.00	6.35	Idaho	5.80	6.99	Michigan	4.25	6.81	New York	10.90	7.68	Tennessee <sup>+</sup>	0.00	6.35
Arizona	2.50	6.61	Illinois	4.95	6.89	Minnesota	9.85	7.53	North Carolina	4.75	6.87	Texas	0.00	6.35
Arkansas	4.90	6.88	Indiana	3.15	6.68	Mississippi	5.00	6.90	North Dakota	2.90	6.66	Utah	4.85	6.88
California	12.30	7.89	Iowa	6.00	7.02	Missouri	4.95	6.89	Ohio	3.99	6.78	Vermont	8.75	7.37
Colorado	4.40	6.83	Kansas	5.70	6.98	Montana	6.75	7.11	Oklahoma	4.75	6.87	Virginia	5.75	6.99
Connecticut	6.99	7.14	Kentucky	4.50	6.84	Nebraska	6.64	7.10	Oregon	9.90	7.53	Washington	0.00	6.35
Delaware	6.60	7.09	Louisiana	4.25	6.81	Nevada	0.00	6.35	Pennsylvania	3.07	6.67	West Virginia	6.50	7.08
District of Columbia	10.75	7.66	Maine	7.15	7.16	New Hampshire <sup>+</sup>	5.00	6.90	Rhode Island	5.99	7.02	Wisconsin	7.65	7.23
Florida	0.00	6.35	Maryland	5.75	6.99	New Jersey	10.75	7.66	South Carolina	6.40	7.07	Wyoming	0.00	6.35
Georgia	5.75	6.99												

### ■ Highest total return needed to break even compared to other states

1. Assumes the highest marginal state income tax rate.
2. Rate of return required for investments to break even; takes into account federal taxes (at the 37% marginal rate), state tax where applicable and a 4% rate of inflation. Assumes the highest marginal federal income tax rate and no federal deduction for state and local taxes.

\*: Part A Income (interest & dividends).

+: Interest and Dividends only.

Tax affected rates assume no deduction of state and local taxes at the federal level. Note that Tax Cuts and Jobs Act (2017) caps the deduction for state and local taxes along with property taxes at \$10,000 annually, therefore state taxes may be completely non-deductible.

## Talk with your financial professional

Talk with your financial professional to make sure your financial strategy is aligned with your tax situation. And consider consulting a tax advisor if you need specialized advice.

Sources: Invesco, Morningstar Inc. This hypothetical example is for illustrative purposes only. Inflation averaged 2.48% annually over the 20 years ended Dec. 31, 2022. Inflation is represented by the Consumer Price Index (CPI), which is a measure of change in consumer prices as determined by the U.S. Bureau of Labor Statistics. Total returns shown in this hypothetical example do not represent the actual performance of any investment product or real investor. The example was calculated using the federal 37% tax bracket, which is based on a \$578,125 income for an individual filing a single return for tax year 2023. The maximum individual state tax rates are used and are subject to change. Due to the Tax Cuts and Jobs Act of 2017 ("the Act"), state conformity to the Act and potential tax law changes are pending in many states creating tax planning uncertainty. Due to the Act, state and local income taxes together with property taxes are now capped at \$10,000. As a result, all or a portion of the itemized deduction for federal income tax resulting from state income taxes may be lost thereby increasing your net of federal state tax savings. Rates listed above represent the highest marginal income tax rate for each state assuming no deduction of state and local taxes at the federal level. State taxes may be partially or fully deductible driving returns needed lower than shown. Residents of New Hampshire and Tennessee are taxed on interest and dividends only. Massachusetts reflects rates on Part A income. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment-making decision. As with all investments, there are associated inherent risks. Please obtain and review all financial material carefully before investing. Invesco does not offer tax advice. Investors should consult their own tax advisor for information regarding their own tax situations. All data provided by Invesco unless otherwise noted.