

HOW MUCH OF MY SOCIAL SECURITY BENEFIT MAY BE TAXED?

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INTRODUCTION

Did you know that up to 85% of your Social Security Benefits may be subject to income tax? If this is the case you may want to consider repositioning some of your other income to minimize how much of your Social Security Benefit may be taxed and thereby, maximize your retirement income sources.

SUMMARY OF INPUT

Tax filing status	Married Filing Jointly	Marginal tax bracket	12.00%
Long-term capital gains/losses (-)	0.0	Short-term capital gains/losses (-)	0.0
Dividends	\$0	Taxable interest	\$0
Tax-free interest	\$0	Pension benefits	\$9,600
Taxable IRA distributions	\$28,650	Other taxable income	\$0
Wages	\$0	Self-employed income/loss (-)	0.0
Deductible IRA contributions	\$0	Social Security received	\$43,744

ANALYSIS

Based on the worksheet provided in the most recent IRS Publication 915, your Social Security benefit(s) of \$43,744 will be 45% taxable increasing your taxable income by \$19,704 and creating a federal income tax liability of \$2,364.

Social Security Taxation - IRS Publication 915		
1	Total Social Security benefit	\$43,744
2	One-half of line #1	\$21,872
3	Adjusted Gross Income items (without 'adjustments')	\$38,250
4	Add back tax-free interest	\$0
5	Add lines 2,3 and 4	\$60,122
6	Adjustments (deductible IRA contributions)	\$0
7	Subtract line 6 from line 5	\$60,122
8	MAGI base amount	\$32,000
9	Subtract base amount (line 8 from line 7)	\$28,122
10	Enter factor based on filing status	\$12,000
11	Subtract 10 from 9 (min = 0)	\$16,122
12	Enter the smaller of line 9 or line 10	\$12,000
13	Enter one-half of line 12	\$6,000
14	Enter the smaller of line 2 and line 13	\$6,000
15	Multiply line 11 by 85% (min = 0)	\$13,704
16	Add lines 14 and 15	\$19,704
17	Multiply line 1 by 85%	\$37,182
18	Enter the smaller of line 16 or 17	\$19,704
	Taxable Social Security benefit	\$19,704
	Percent of Social Security benefit subject to taxation	45%
	Estimated taxes due	\$2,364

This information may help you analyze your financial needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. The calculations do not infer that the company assumes any fiduciary duties. The calculations provided should not be construed as financial, legal or tax advice. In addition, such information should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we cannot guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.

Your Social Security Benefit



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