



CARDINAL ADVISORS

Income Tax on Social Security?

Hans and Tom use the following Social Security document to discuss income tax on Social Security in the video with the same title.

INCOME TAX ON SOCIAL SECURITY?

| <u>S.S.</u> | <u>Combined Income</u> | <u>States</u> | <u>INCOME</u> |
|--------------------------|--|--|--------------------------|
| <input type="checkbox"/> | Adjusted Gross Income (AGI) + Non Taxable Interest + 1/2 of your Social Security | Colorado Connecticut Kansas Minnesota Missouri Montana Nebraska New Mexico Rhode Island Utah Vermont | <input type="checkbox"/> |
| <u>MED</u> | | | <u>ESTATE</u> |
| <input type="checkbox"/> | | | <input type="checkbox"/> |
| <u>LTC</u> | | | <u>TAXES</u> |
| <input type="checkbox"/> | | | <input type="checkbox"/> |
| <u>401K/IRA</u> | | | |
| <input type="checkbox"/> | | | |

Individual
\$25,000 - \$34,000 50%
\$34,000 + 50% - 85%

Married Filing Jointly
\$32,000 - \$44,000 50%
\$44,000 + 50% - 85%

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Income Taxes and Your Social Security Benefit (En español)

About 40% of people who get Social Security must pay federal income taxes on their benefits. This usually happens if you have other substantial income in addition to your benefits. Substantial income includes wages, earnings from self-employment, interest, dividends, and other taxable income that must be reported on your tax return.

You will pay tax on your Social Security benefits based on Internal Revenue Service (IRS) rules if you:

- **File a federal tax return as an "individual"** and your *combined income** is
 - Between **\$25,000** and **\$34,000**, you may have to pay income tax on up to **50%** of your benefits.
 - More than **\$34,000**, up to **85%** of your benefits may be taxable.
- **File a joint return**, and you and your spouse have a *combined income** that is
 - Between **\$32,000** and **\$44,000**, you may have to pay income tax on up to **50%** of your benefits.
 - More than **\$44,000**, up to **85%** of your benefits may be taxable.
- **Are married and file a separate tax return**, you probably will pay taxes on your benefits.

* Your adjusted gross income
+ Nontaxable interest
+ 1/2 of your Social Security benefits
= Your "**combined income**"

Each January, we mail a *Social Security Benefit Statement* (Form SSA-1099 or SSA-1042S) showing the amount of benefits you received in the previous year. You can use this *Benefit Statement* when you complete your federal income tax return to find out if your benefits are subject to tax.

If you misplaced or didn't receive a Form SSA-1099 or SSA-1042S for the previous tax year, you can get an instant replacement form. You can get the forms with your personal *my* Social Security account. If you don't have an account, you can create one at www.ssa.gov/myaccount. To get your replacement Form SSA-1099 or SSA-1042S, select the "**Replace Your Tax Form SSA-1099/SSA-1042S**" link. Go to the "**Choose a year**" dropdown menu. Then choose the year for any of the past 6 years for which benefits were paid and select "**Download**" link. If you live outside the U.S., go to www.ssa.gov/foreign and learn how you can access our online services with an ID.me account.

If you do have to pay taxes on your Social Security benefits, you can choose to have federal taxes withheld from your benefits to avoid or reduce owing tax in the future.

For more information about taxation of benefits, read our *Retirement Benefits* booklet or IRS Publication 915, *Social Security and Equivalent Railroad Retirement Benefits* .