

# Taxation of Social Security Benefits

A portion of Social Security benefits may be subject to income taxation. The following worksheet will assist in determining that tax.

1. Social Security benefits for the year \$ \_\_\_\_\_
2. 50% of line 1 \_\_\_\_\_
3. Modified adjusted gross income:
  - a. AGI less net Social Security benefits received \_\_\_\_\_
  - b. Tax-exempt interest and dividends received or accrued \_\_\_\_\_
  - c. Line 3a plus line 3b \_\_\_\_\_
4. Provisional income (line 2 plus line 3c) \_\_\_\_\_
5. Applicable "first-tier" threshold \_\_\_\_\_
6. Line 4 less line 5 (not less than zero) \_\_\_\_\_
7. 50% of line 6 \_\_\_\_\_
8. Amount of benefits subject to tax (smaller of line 2 or line 7) \_\_\_\_\_

If the provisional income (line 4, above) does not exceed the corresponding first-tier threshold (line 5, above), no amount is taxable. However, if provisional income exceeds the corresponding threshold, continue with the worksheet below.

9. Applicable second-tier threshold<sup>1</sup> \$ \_\_\_\_\_
10. Line 4 minus line 9 (if less than zero then enter zero) \_\_\_\_\_
11. 85% of line 10 \_\_\_\_\_
12. Amount taxable under first-tier (from line 8, above) \_\_\_\_\_
13. Applicable dollar amount<sup>1</sup> \_\_\_\_\_
14. Smaller of line 12 or line 13 \_\_\_\_\_
15. Line 11 plus line 14 \_\_\_\_\_
16. 85% of line 1 \_\_\_\_\_
17. Amount of benefits subject to tax (smaller of line 15 or line 16) \_\_\_\_\_

| Filing Status                                                             | First Tier Threshold<br>(for line 5) | Second Tier Threshold<br>(for line 9) | Applicable Dollar Amount<br>(for line 13) |
|---------------------------------------------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------------|
| <b>Married filing jointly</b>                                             | \$32,000                             | \$44,000                              | \$6,000                                   |
| <b>Married filing separately</b><br>(but lived together part of the year) | \$0                                  | \$0                                   | \$0                                       |
| <b>All others</b>                                                         | \$25,000                             | \$34,000                              | \$4,500                                   |

**Note:** This is not an official IRS worksheet.

**Caution:** Any increase in income, such as from the sale of stock or a retirement plan distribution, may subject one to an unexpected tax on the Social Security benefits.

<sup>1</sup> See applicable column in table.