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**CLIENT PRESS RELEASE APPROVAL**

TO: Ed Cates/Shannon Benton CLIENT: TSCL

FROM: Mary Johnson DATE: 2/12/15

PRESS RELEASE NAME: Will You Pay Taxes On Your Social Security Benefits? “Better Plan On It,” Says Poll By The Senior Citizens League

CONTACT: Shannon Benton

Please Send Your Approval Back By: 2/16/15 In Order To Release On: 2/18/15

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If you would like to call me regarding this material, my telephone number is (540) 832-5513, and our fax number is (540) 832-3325.

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**Will You Pay Taxes On Your Social Security Benefits?**

**“Better Plan On It,” Says Poll By The Senior Citizens League**

**Alexandria, VA:** About two-thirds of Social Security beneficiaries are likely to pay taxes on their Social Security benefits this tax season, according to The Senior Citizens League (TSCL). A recent poll conducted by TSCL indicates that about 66% of Social Security recipients paid taxes on their Social Security benefits last year. “The tax on Social Security benefits frequently takes new retirees by surprise, but planning can help both people who are already receiving benefits, and those still planning the best time to start,” says TSCL Chairman Ed Cates.

 The portion of people who pay tax on their Social Security is expected to increase in coming years. “A bigger percentage of beneficiaries these days continue to work, often failing to realize the bite those earnings will take out of their benefits,” says Cates. And unlike income brackets which increase annually, the income thresholds that subject benefits to taxation are fixed. That means the number of people who will be hit with the tax will grow over time as incomes grow.

 To determine if benefits are taxable, taxpayers must first include one-half of Social Security benefits, plus all other income like taxable pensions, wages, interest, dividends and other income. Social Security recipients must also include any tax-exempt interest income (like interest on municipal bonds), plus any exclusions from income. Up to 50% of benefits are taxable if income is between $25,000 - $34,000 (single) or $32,000 and $44,000 (joint return). When income exceeds $34,000 (single) or $44,000 (joint), up to 85% of benefits are taxable.

 “Taxpayers often feel this is double taxation,” Cates says. When the tax became effective in 1984 it was sold to the public as affecting only high-income taxpayers, but the income thresholds were fixed. Today the thresholds would be much higher had they been adjusted like tax brackets. According to the Bureau of Labor Statistics inflation calculator, the $25,000 threshold in 1984 would be about $56,963 in today’s dollars, and $32,000 would be $72,912.

 Repealing the tax entirely would be difficult, however, because the revenue goes to funding Social Security and Medicare benefits. In 2014 the Trustees estimated that Social Security would receive $25.6 billion in tax revenues for the 2014 tax year, and that Medicare would receive $18.9 billion. Those amounts are estimated to grow every year, helping to improve program solvency. TSCL, however, believes the income thresholds should be adjusted to reflect today’s dollars and then adjusted annually thereafter so that fewer middle and lower income households would be taxed on their benefits. “This can be paid for by requiring high earners to pay their fair share of Social Security taxes,” Cates explains.

 What do you think? The Senior Citizens League is conducting a [survey](http://tscl.org/2015survey) of Social Security recipients to better understand what they would support to fix Social Security’s financing. To participate, visit [www.SeniorsLeague.org](http://www.SeniorsLeague.org).

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 With about 1 million supporters, The Senior Citizens League is one of the nation's largest nonpartisan seniors groups. Located just outside Washington, D.C., its mission is to promote and assist members and supporters, to educate and alert senior citizens about their rights and freedoms as U.S. Citizens, and to protect and defend the benefits senior citizens have earned and paid for. The Senior Citizens League is a proud affiliate of TREA The Enlisted Association. Please visit www.SeniorsLeague.org or call 1-800-333-8725 for more information.

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