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**56 Percent Of Social Security Recipients Paid Tax On Their Benefits**

**New Survey By The Senior Citizens League**

When planning the best time to retire, don’t underestimate the impact of taxes on your Social Security benefits, warns The Senior Citizens League (TSCL). According to a new TSCL survey, some 56 percent of Social Security recipients said they paid tax on a portion of their benefits during this year’s tax season that ended April 15th. “The findings suggest strong growth over the past decade in the number of people who pay tax on their Social Security benefits,” says TSCL Chairman, Ed Cates.

According to the Congressional Budget Office, 39% (or 16.9 million) Social Security beneficiaries were affected by the taxation of benefits in 2005.[[1]](#endnote-1) TSCL estimates that the number affected today is about 30 million. The numbers are growing not only as Baby Boomers retire and file for Social Security, but, because the income thresholds that subject Social Security benefits to tax are fixed, unlike income brackets that are adjusted for inflation. “Fixed thresholds mean more beneficiaries are affected by taxation as incomes rise over time,” Cates explains.

Until 1984 Social Security benefits were exempt from tax. “When the tax on benefits was enacted, Congress sold it to the public by saying it would affect higher income Social Security recipients,” Cates says. “But today $25,000 is only slightly more than two times higher than the federal poverty level,” he points out.

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. Had the thresholds been adjusted like tax brackets, the $25,000 threshold in 1984 would be about $56,963 in today’s dollars, and $32,000 would be $72,912.

TSCL believes that the income thresholds that subject Social Security benefits to tax are out - dated, and create an unintended tax burden on older Americans living on modest retirement incomes. A repeal of the tax would be difficult, however, because the revenue goes to funding Social Security and Medicare benefits. The TSCL survey indicates a majority of retirees — 55 percent of those participating — support adjusting the income threshold that subjects benefits to taxation to $50,000 for single filers and $100,000 for joint filers. “This can be paid for by requiring high earners to pay their fair share of Social Security taxes,” Cates explains.

To participate in TSCL polls and surveys, 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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1. “Social Security: Calculation and History Of Taxing Benefits,” Christine Scott, Congressional Research Service, February 20, 2013, RL32552. [↑](#endnote-ref-1)