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## **Taxes Take A Growing Percentage of Social Security Benefits** *Trend Worsens Under Tax Reform, Says The Senior Citizens League*

**(Washington, DC)** – About 56 percent of all Social Security households pay taxes on a portion of their Social Security benefits, according to a national survey by [The Senior Citizens League](#). “Recently enacted changes in the tax law will increase both the numbers of taxpayers whose Social Security benefits are taxable and the portion of Social Security income that people will pay in taxes,” says The Senior Citizens League’s Social Security and Medicare policy analyst Mary Johnson.

In 2014 the Congressional Budget Office estimated that the average tax payment of Social Security households equaled 6.7 percent of benefit income — an amount that is estimated to grow to 9 percent of benefits by 2039. “That growth is likely to occur much more rapidly due to changes in the tax law, which uses a more slowly growing consumer price index to adjust the tax code,” Johnson says.

Prior to 1984, Social Security benefits were excluded from taxation. Today, from 50 to 85 percent of Social Security income can be subject to taxation depending on two income thresholds. For taxpayers with incomes between \$25,000 and \$34,000 (individual) or \$32,000 and \$44,000 (filing jointly), up to 50 percent of Social Security benefits may be taxable. For individuals with incomes above \$34,000 or couples filing jointly with incomes above \$44,000, up to 85 percent of benefits may be taxable.

To quickly determine whether a portion of benefits is taxable, taxpayers should take their adjusted gross income, and add any nontaxable interest, plus one - half of Social Security income. If the amount is over the thresholds shown then a portion of benefits are taxable. (For more information, see IRS publication 915 Social Security and Equivalent Railroad Retirement Benefits for worksheet and help in preparing tax returns).

According to a [Social Security Administration Issue Paper](#), when Congress first enacted the tax on Social Security in 1983, it was estimated to affect only 10 percent of Social Security recipients. But the income thresholds have never been adjusted for inflation in more than three decades. “Today, the taxation of benefits hits almost everyone with any income in addition to Social Security benefits —even people with the most modest of bottom lines,” Johnson says. “An older couple with \$32,000 is living at just 155% of the federal poverty level,” Johnson points out. Had the income thresholds been adjusted for inflation since 1983, the \$25,000

threshold would be \$61,940 and the \$32,000 threshold would be \$79,284 according the Bureau of Labor Statistics.

A bigger portion of Social Security benefits is likely to become taxable for many older taxpayers in coming years, because newly enacted tax law ties the tax brackets and standard deduction to a more slowly - growing consumer price index — the chained Consumer Price Index. “That will mean tax brackets and the standard deduction will rise more slowly and a greater portion of income may be subject to taxation,” Johnson says.

Sixty-five percent of people surveyed by The Senior Citizens League support lifting the thresholds that subject Social Security benefits to taxation. The Senior Citizens League is seeking input from the public on this issue. To participate in a survey about Social Security and Medicare, visit [www.SeniorsLeague.org](http://www.SeniorsLeague.org).

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*With 1.2 million supporters, The Senior Citizens League is one of the nation’s largest nonpartisan seniors groups. 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 [The Retired Enlisted Association](#). Visit [www.SeniorsLeague.org](http://www.SeniorsLeague.org) for more information.*