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Despite Tax Overhaul Social Security Benefits Are Still Taxable
Even Retirees of Modest Means Could Pay Tax On Social Security Income
Says The Senior Citizens League

(Washington, DC) While the 2017 “Tax Cut and Jobs Act” is expected to lower taxes for many taxpayers, it doesn’t address a feature of the tax law that takes a cut of Social Security income from a growing number of older taxpayers, warns [The Senior Citizens League](#). The income thresholds that subject Social Security benefits to taxation remain unchanged under the new law. “Even the Social Security benefits of retirees with the most modest of incomes— an Adjusted Gross Income only two times higher than the federal poverty level — could be subject to taxation,” says Mary Johnson, Social Security and Medicare policy analyst for The Senior Citizens League.

Social Security benefits were not subject to taxation when the program first became law, but since 1984, beneficiaries with income exceeding a certain threshold have paid taxes on a portion of their Social Security income. In 1984 only 8 percent of retirees — those with the highest-income — paid tax on their Social Security benefits. In 2019 however, more than half of all retired households — about 51 percent on average — report paying the tax according to surveys by The Senior Citizens League.

The reason this is occurring is due to fixed income thresholds. Unlike tax brackets that are adjusted annually for inflation, the income thresholds that subject Social Security benefits to taxation have never been adjusted for inflation. Single filers with income between \$25,000, and \$34,000, pay tax on up to 50 percent of their annual Social Security benefits. For single filers with income over \$34,000, up to 85 percent of Social Security income may be taxable. Joint filers with income between \$32,000 and \$44,000 pay tax on up to 50 percent of Social Security benefits. Up to 85 percent of Social Security benefits are taxable on income over \$44,000 of joint filers. To determine whether income is taxable, nontaxable interest (if any), plus one - half of Social Security benefits, is added to the adjusted gross income.

“Had these income levels been adjusted for inflation since 1984, the \$25,000 threshold for single filers would be \$61,933 today, and the \$32,000 level for joint filers would be \$78,895,” says Johnson. “When this tax was originally passed into law, lawmakers sold it to the public as a tax mostly affecting wealthy Social Security recipients,” says Johnson. “But in reality, it now affects retirees with very modest incomes,” Johnson notes.

The revenues raised from the taxation of Social Security benefits go to the Social Security and Medicare Trust Funds. Revenues from the 50 percent taxation level go to the Social Security

Trust Fund, and revenues from the 85 percent taxation level go to the Medicare Hospital Insurance Trust Fund.

The Senior Citizens League supports legislation that would adjust the income thresholds to better protect retired taxpayers with lower incomes. The *Social Security 2100 Act* would replace the current thresholds with a single set of thresholds at \$50,000 single filers and \$100,000 for joint filers. To learn more and to participate in the 2019 Senior Survey, visit 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 for more information.