

Calculating How Much of Your Social Security is Taxable

Your Answer:

- Step 1: Annual Social Security Amount (Eg. \$40,000) _____
- Step 2: Calculate Combined Income (Eg. \$56,000) _____
- Step 3: Run Two Variables Through Three Tests Below, Choose Lowest Amount

COMBINED INCOME CALCULATION	
50% Social Security Payment	Eg. \$20,000
+ Adjusted Gross Income	Eg. \$36,000
+ Tax Free Interest Income	Eg. \$0
= Combined Income	Eg. \$56,000

TEST 1
85% of Social Security Payment
Eg. \$40,000 x 85% = \$34,000

Your Answer:

TEST 2
50% of Social Security Payment +
85% of Combined Income over 2nd threshold

Eg. (\$40k x 50%) + (\$12k x 85%) =
\$20,000 + \$10,200 = \$30,200

Your Answer:

TEST 3
50% of Combined Income over 1st threshold +
35% of Combined Income over 2nd threshold
Eg. 50% x (\$56k-\$32k) +
35% x (\$56k-\$44k) =
\$12,000 + \$4200 = \$16,200

Your Answer:

THRESHOLDS:
Single 1st \$25k, 2nd \$34k
Married 1st \$32k, 2nd \$44k

