



# Can your clients really be taxed on Social Security benefits?

Yes! Here's how ... and here's how a fixed annuity can help your client!

## Here's Why ...

- Fact #1** In 1983, the Amendments to the Social Security Act mandated that up to 50% of Social Security benefits could be subject to ordinary income taxes.
- Fact #2** In 1993, the Act was amended, increasing to 85% the maximum amount of Social Security benefits that could be subject to ordinary income taxes.

## Here's How It Works If You File A Single Return:

If you file a federal tax return as an individual and your "Combined Income"\* ...

- ... is between \$25,000 and \$34,000 ...
  - ... up to 50% of your Social Security benefits may be subject to income taxes.
- ... is above \$34,000 ...
  - ... up to 85% of your Social Security benefits may be subject to income taxes.

## Here's How It Works If You File A Joint Return:

If you file a joint federal tax return and your "Combined Income"\* ...

- ... is between \$25,000 and \$44,000 ...
  - ... up to 50% of your Social Security benefits may be subject to income taxes.
- ... is above \$44,000 ...
  - ... up to 85% of your Social Security benefits may be subject to income taxes.

## How Can A Fixed Annuity Help?

By repositioning taxable accounts into a fixed annuity, you can potentially minimize or eliminate taxes on your Social Security benefits. Why? **Because all interest earned in a fixed annuity is tax deferred.** Since the taxes are deferred, you don't have to report the interest as "income" while it stays in the annuity. This reduces the amount of taxable income used to determine if you owe taxes on your Social Security benefits. So if you reposition some of your taxable accounts into a fixed annuity, you may be able to minimize or eliminate the taxes on your Social Security benefits.

*Are your Social Security benefits being taxed? If so, perhaps a fixed annuity can help.*

\* "Combined Income" includes your Adjusted Gross Income (plus your spouse's adjusted gross income if you filed jointly), as reported on you Form 1040, plus your nontaxable interest plus one-half of your Social Security benefits.

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