Shuffling Your Other Income Sources Could Eliminate Taxes from Your Social Security Benefit Checks

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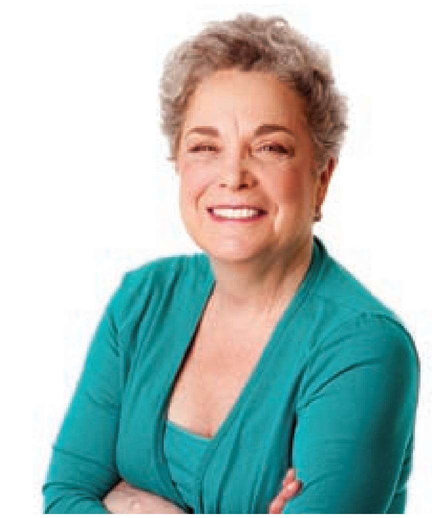

Without a doubt, one of the undesirable issues facing many retirees is an ever-increasing tax burden on their Social Security benefit checks. But here's what's worse and even more unfortunate: most of these retirees are under the erroneous impression that this is just the way things are supposed to be. In reality, many of these individuals and families could significantly curtail or even completely eliminate the federal tax burdens on their Social Security benefits, simply by (re)shuffling their other sources of income.

Under Section 86 of the U.S. Tax Code, if one-half of your Social Security benefits plus your other sources of income exceeds $25,000 (for single filers) or $32,000 (for married filing jointly), up to 85 percent of your Social Security benefit checks may be subject to taxation. However – and this is key – it is also true that income from certain specifically designated accounts, regardless of the amount, will not be counted in that definition/formula. So in effect, it is possible to have income that exceeds those limits without triggering any federal tax obligation on your Social Security benefit checks. Consider the following hypothetical examples.

Megan receives $1,000/month in Social Security retirement benefits and $2,000/month from other "countable" sources for a total of $36,000/year. Based on the rules, her combined income is $30,000: one-half of her Social Security benefits, which comes out to $6,000 plus her other "countable" income of $24,000. Since her combined income exceeds the $25,000 threshold, some portion of Megan's Social Security checks will be taxed.

Now let's turn our attention to Christine, who receives $1,500/month in Social Security benefits and another $2,500/month from other sources that are deemed "non-countable." Although her total income is $48,000, by applying the same rules, Christine's combined income comes out to be $9,000, which is one-half of her Social security benefits plus $0, because her other $30,000 income is from an account(s) that is (are) specifically excluded from the computation.

So in this specific instance, although Christine receives $12,000 more in total income than Megan, Christine will not pay even a single penny in federal tax on her Social Security benefit checks. And there's nothing sinister about that. IRS rules do not prevent her from using accounts that are not included when calculating the taxable portion of Social Security benefits – and you could do the same, too.

The real question here is whether or not you could benefit by taking steps to review and, if feasible, shuffle some of your retirement income sources. Of course, I can't give you a definitive answer until I have reviewed your specific situation. You may request a complimentary session by visiting LaserFG.com or calling (877) 656-9111.

You may also download a complimentary copy of our latest special report at www.SkipTheTaxReport.com. It provides a general overview of the rules surrounding Social Security benefit taxation, and also some practical steps that may help you to reduce or possibly even eliminate any federal tax burden on your benefits.

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