

Income – Social Security Benefits

This lesson will help you assist taxpayers who have Social Security and equivalent railroad retirement benefits. These benefits may or may not be taxable.

Learning Objectives

- Determine the taxable portion of Social Security and railroad retirement benefits
- Determine the most advantageous method of reporting Social Security benefits
- Report Social Security and railroad benefits on the tax return

Getting Started



Study the associated IRS VITA/TCE Training Guide Chapter 15.



Open Volunteer Resource Guide Tab D, Income. Find Form SSA-1099 and RRB-1099

Before entering Medicare insurance cost from the SSA-1099 or RRB-1099:

- Is there a Schedule C business?
 - Yes: enter Medicare costs as self-employed health care expense if taxpayer qualifies* **Do not enter Medicare amounts on the Social Security Income screen**
 - No: enter on Social Security Income screen, Medicare line carries automatically to Schedule A

* See details in Adjustments to Income lesson for self-employed health care deduction requirements

Hint from NTTC Modifications to the IRS Training Guide

Foreign social security

Canadian or German social security are treated as U.S. Social Security for tax purposes and are in scope for Tax-Aide. The taxpayer should provide the U.S. dollar amount to be reported. That should be the gross amount, before any currency conversion costs.

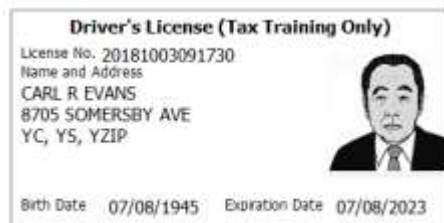
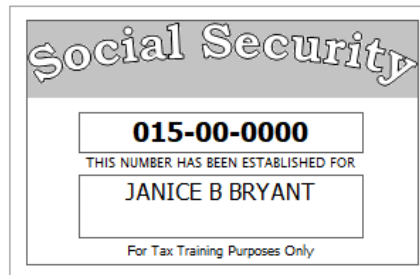
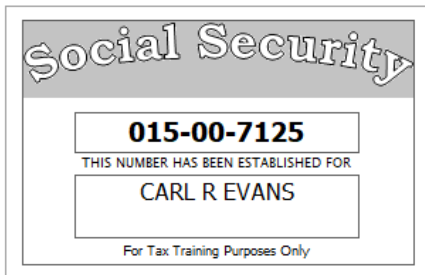
Be careful to not confuse Canadian social security with other types of retirement income.

Check your state's rules as they may differ.

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Practice Lab

Carl Evans received Social Security Benefits



Create the following return in TaxSlayer with Carl's Form SSA-1099. Review the Form 1040 and Schedule 1

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT																			
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="font-size: 24pt; font-weight: bold;">2018</div> <div style="font-size: 10pt;"> <input type="checkbox"/> PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. <input type="checkbox"/> SEE THE REVERSE FOR MORE INFORMATION. </div> </div>																			
Box 1. Name CARL R EVANS		Box 2. Beneficiary's Social Security 015-00-7125																	
Box 3. Benefits Paid in 2018 \$13,682.00	Box 4. Benefits Repaid to SSA in 2018	Box 5. Net Benefits Paid for 2018 (Box 3 minus Box 4) \$13,682.00																	
DESCRIPTION OF AMOUNT IN BOX 3 <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Paid by check or direct deposit</td> <td style="text-align: right;">\$11,006.00</td> </tr> <tr> <td>Medicare Part B premiums deducted from your benefits</td> <td style="text-align: right;">\$1,608.00</td> </tr> <tr> <td>Medicare Prescription Drug premiums (Part D) deducted from your benefits</td> <td style="text-align: right;">\$.00</td> </tr> <tr> <td>Total Additions</td> <td style="text-align: right;">\$13,682.00</td> </tr> <tr> <td>Benefits for 2018</td> <td style="text-align: right;">\$13,682.00</td> </tr> <tr> <td>Benefits for 2017</td> <td></td> </tr> <tr> <td>Benefits for 2016</td> <td></td> </tr> <tr> <td>Benefits for 2015</td> <td></td> </tr> </table>		Paid by check or direct deposit	\$11,006.00	Medicare Part B premiums deducted from your benefits	\$1,608.00	Medicare Prescription Drug premiums (Part D) deducted from your benefits	\$.00	Total Additions	\$13,682.00	Benefits for 2018	\$13,682.00	Benefits for 2017		Benefits for 2016		Benefits for 2015		DESCRIPTION OF AMOUNT IN BOX 4 <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> Box 6. Voluntary Federal Income Tax Withheld <div style="text-align: right; font-weight: bold;">\$1,068.00</div> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Box 7. Address CARL R EVANS 8705 SOMERSBY AVE YC, YS, YZIP </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Box 8. Claim Number (use this number if you need to contact SSA) 015-00-7125A </div>	
Paid by check or direct deposit	\$11,006.00																		
Medicare Part B premiums deducted from your benefits	\$1,608.00																		
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Benefits for 2016																			
Benefits for 2015																			

Form **SSA-1099-SM**

Find answers in the file: *Answers to Practice Lab Self-Study Exercises* in the Self-Study 2018>H. Answers, etc. Module.

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Example of RRB-1099 and RRB-1099-R

PAYER'S NAME, STREET ADDRESS, CITY, STATE AND ZIP CODE UNITED STATES RAILROAD RETIREMENT BOARD 844 N. RUSH ST. CHICAGO, IL 60611-2092		20 18		PAYMENTS BY THE RAILROAD RETIREMENT BOARD	
PAYER'S FEDERAL IDENTIFYING NO. 36-3314600	3. Gross Social Security Equivalent Benefit Portion of Tier 1 paid in 2018		COPY B - FOR RECIPIENTS RECORDS THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.		
1. Claim Number and Payee Code	4. Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 2018				
2. Recipient's Identification Number	5. Net Social Security Equivalent Benefit Portion of Tier 1 paid in 2018				
Recipient's Name, Address, City, State and ZIP Code	6. Workers Compensation Offset in 2018				
	7. Social Security Equivalent Benefit Portion of Tier 1 Paid for 2017				
	8. Social Security Equivalent Benefit Portion of Tier 1 Paid for 2016				
	9. Social Security Equivalent Benefit Portion of Tier 1 Paid for Years				
	10. Federal Income Tax Withheld	11. Medicare Premium			

Blue Print

Form **RRB-1099**

PAYER'S NAME, STREET ADDRESS, CITY, STATE AND ZIP CODE UNITED STATES RAILROAD RETIREMENT BOARD 844 N. RUSH ST. CHICAGO, IL 60611-2092		20 18		ANNUITIES OR PENSIONS BY THE RAILROAD RETIREMENT BOARD	
PAYER'S FEDERAL IDENTIFYING NO. 36-3314600	3. Employee Contributions		COPY B - THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.		
1. Claim Number and Payee Code	4. Contributory Amount Paid				
2. Recipient's Identification Number	5. Vested Dual Benefit				
Recipient's Name, Address, City, State and ZIP Code	6. Supplemental Annuity				
	7. Total Gross Paid				
	8. Repayments				
	9. Federal Income Tax Withheld				
	10. Rate of Tax		11 Country	12 Medicare Premium	

Green Print

Form **RRB-1099-R**

Income – Social Security Benefits

Learning Review

Income - Social Security Benefits

<p>1. Hank has never paid tax on his Social Security benefits. However, you learn from Hank that his wife died several years ago and this tax year, he sold all of his stock and moved into senior housing. The sale of the stock created \$31,896 of taxable income and his Social Security benefits were \$11,724. What is the maximum taxable amount of Hank's benefits?</p> <p>A. \$31,896 B. \$20,172 C. \$11,724 D. \$9,965</p>	
<p>2. From Question #1, Hank's taxable income and Social Security benefits stayed the same. However, his Form SSA-1099, shows \$1,608 was withheld for Medicare Part B premiums deducted. Determine the following:</p> <p>Form 1040 Line 5a Schedule A Line 1 Schedule 1 Line 29</p>	
<p>3. Continuing from Questions #1 and #2, add Hank's Schedule C with \$20,000 in self employment income and only \$3,000 in qualifying mileage expense. Determine the following:</p> <p>Form 1040 Line 5a Schedule A Line 1 Schedule 1 Line 29</p>	

Feedback:

Please email: selfstudy@aarpdfntaxaide.org. Appreciate suggestions and comments.

Income – Social Security Benefits

Answers to Learning Review

1. D. \$9,965. The taxable portion of Social Security benefits is never more than 85% of the net benefits the taxpayer received.		
2.	Form 1040 Line 5a	\$11,724
	Schedule A Line 1	\$1,608
	Schedule 1 Line 29	\$0
3.	Form 1040 Line 5a	\$11,724
	Schedule A Line 1	\$0
	Schedule 1 Line 29	\$1,608
See the note earlier in this Self-study lesson about entering Medicare insurance cost from the SSA-1099 or RRB-1099		