



Income – Social Security Benefits

Yes	No	Unsure	Part III - Inco	ome – L	ast Year, Did You <i>(or Your Spouse)</i> Receive	
			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year?			
			2. (A) Tip Income?			
			3. (B) Scholarships? (Forms W-2, 1098-T)			
			4. (10. (R) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)	
			5. (🔲 🔲		11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)	
			6. (12. (B) Unemployment Compensation? (Form 1099G)	
			7. (13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)	
			8. (14. (M) Income (or loss) from Rental Property?	
			9. (15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, other property or services,	
					etc.) Specify	

About Income – Social Security Benefits

- Additional resources listed in L< "References" tab
- Review all tips and cautions in the lesson
- Read all examples and sample interviews
- We will review answers to each exercise

Objectives – Income – Social Security Benefits

- Determine the taxable portion of Social Security and railroad retirement benefits
- Determine the most advantageous method of reporting lump-sum Social Security benefits
- Report Social Security and railroad retirement benefits on the tax return
- Time Required: 10 minutes

Topics





- Social Security and Railroad Retirement Benefits
- Finding the Taxable Portion
- Lump-Sum Benefit Payments

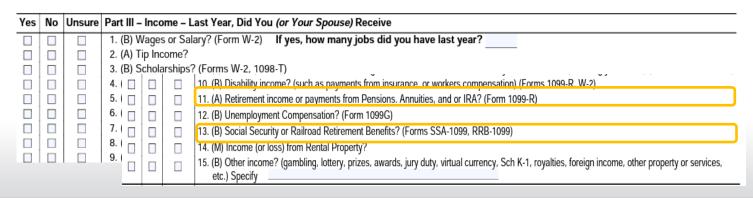
Key Terms

Definitions are always available in the L< online Glossary.

- Annuity
- Pension
- Railroad Retirement Benefits (RRBs)
- Social Security Benefits

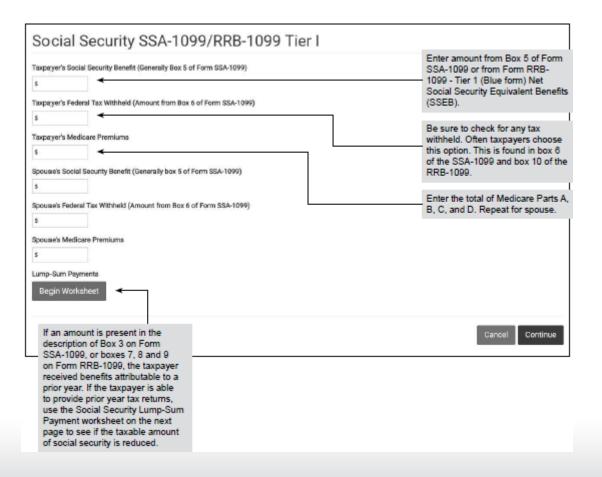
Social Security and Railroad Retirement Benefits

- Social Security benefits:
 - Old-age, survivor, and disability insurance (OASDI)
 - Monthly retirement
 - Reported on Form SSA-1099
- Railroad Retirement Benefits (RRBs):
 - Tier 1 (Social Security equivalent benefits)
 - Tier 2 (treated as a qualified employee plan)
 - Reported on Form RRB-1099
- Intake & Interview Sheet , Part III



Social Security and Railroad Retirement Benefits

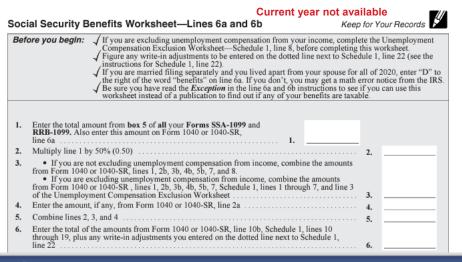
Pub 4012, SSA-1099 Distributions shows how to enter data in TaxSlayer



Finding the Taxable Portion

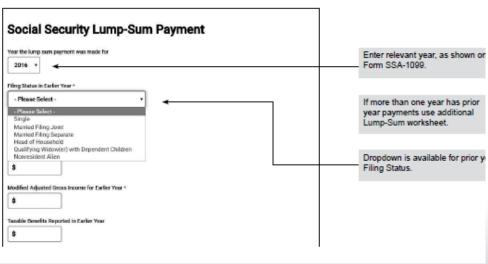
The taxable amount, if any, depends upon:

- Filing status and other reportable income
- Whether the benefits were the taxpayer's only source of income
 - If the benefits were the only source of income, the benefits are generally not taxable, and the taxpayer need not file a federal income tax return
 - If the taxpayer received other income, the software will complete the Social Security Benefits Worksheet to calculate the taxable portion



Lump-Sum Benefit Payments

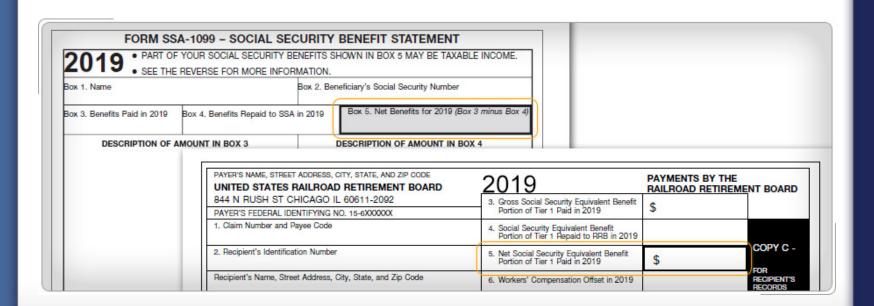
- Two options for reporting lump-sum benefit payments:
 - Report the entire payment in the year it was received
 - Treat the benefits as received in the earlier year or years if it lowers the taxable portion of the benefits
 - If the taxpayer chooses the second option, only the current year income will be adjusted. Do not file amended returns for the earlier years
- TaxSlayer will calculate the most beneficial option, after you enter prior year tax return information



Lump-Sum Benefit Payments

Sample SSA – 1099 Lump Sum Distribution

Prior year amounts will show in DESCRIPTION block of Form SSA-1099



Summary

- This lesson explained how to determine if Social Security/railroad retirement benefits are taxable.
- If the only source of income, benefits are generally not taxable. If there was other income, the software will complete the Social Security Benefits Worksheet found in the Form 1040 Instructions is completed by the software to calculate the taxable portion.
- Two options are available for lump-sum benefit payments: report the whole payment in the year it was received or treat the payment as received in the earlier year or years.
- Check your understanding of this lesson by answering the skill check questions on the student landing page.