

**For Provisional Income  
Over \$34,000 (Single) or  
Over \$44,000 (Joint)**

1. Sources of Income:
  - Pension \$ \_\_\_\_\_
  - Taxable Interest \$ \_\_\_\_\_
  - Tax-Free Interest \$ \_\_\_\_\_
  - Other Earnings \$ \_\_\_\_\_
2. Total Income Before Social Security \$ \_\_\_\_\_
3. One-Half of Social Security Benefits \$ \_\_\_\_\_
4. Provisional Income (Add 2 and 3) \$ \_\_\_\_\_
5. Base Amount (\$34,000 if single or \$44,000 if joint) \$ \_\_\_\_\_
6. Excess Income (Subtract Line 5 from 4) \$ \_\_\_\_\_
7. Taxable Social Security Income  
The lesser of 1/2 of Line 6 or the amount on Line 3 \$ \_\_\_\_\_
8. 85% of Line 6 \$ \_\_\_\_\_
9. Add Lines 7 and 8 \$ \_\_\_\_\_
10. 85% of Social Security Benefits \$ \_\_\_\_\_
11. Taxable Social Security Income (Lesser of Line 9 and 10) \$ \_\_\_\_\_

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*Helping Build Wealth Since 1991*

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*Discussion of tax issues in this material is not intended or written to be used, and cannot be used, (a) to avoid penalties imposed under the Internal Revenue Code or (b) to promote, market or recommend to another party, any transaction or matter addressed herein. Agent does not provide tax advice.*

*Tax-deferral offers no additional value if an annuity is used to fund an IRA; purchase an annuity for reasons other than tax-deferral benefits beyond those inherently provided by an IRA, such as lifetime income and death benefit. Annuity product features vary by company and State; limitations and restrictions may apply, including possible withdrawal charges. Please contact your agent for more information.*

*SOURCE: www.socialsecurity.gov, www.irs.gov, CRS Report, Library of Congress and the Revenue Reconciliation Act of 1993.*

*Annuities contain limitations including withdrawal charges, cap rates, fees and a Market Value Adjustment which may affect contract values.*



**How Safe are  
Your  
Social Security  
Benefits  
from Taxes?**

## Did you know ...

According to the Revenue Reconciliation Act of 1993, if your earnings are above certain limits, more of your Social Security benefits may be subject to taxation.

The amount of your Social Security benefits that are included in taxable income depends on how much provisional income you have. The chart below outlines the filing status, income levels and percentage of Social Security benefits subject to tax.

Marital Status	Total Income (Including 1/2 Social Security)	Percentage of Social Security Subject to Tax
Single	\$25,000 up to \$34,000	Up to 50% (Max. \$4,500)
	Over \$34,000	Up to 85%*
Married	\$32,000 up to \$44,000	Up to 50% (Max. \$4,500)
	Over \$44,000	Up to 85%*

\*The amount the IRS can tax cannot exceed 85% of the taxpayer's total Social Security received in a year.

## Provisional Income includes...

Included In Provisional Income	YES	NO
Pensions	✓	
Passbook/Credit Union Savings	✓	
Certificates of Deposit	✓	
Money Market Accounts	✓	
US Treasuries	✓	
Income from Mortgages	✓	
Dividends—Stocks/Mutual Funds	✓	
Municipal Bonds	✓	
Annuity Income	✓	
Annuity Withdrawals	✓	
Annuity - Deferred (not annuitized)		✓

Generally, Provisional Income is adjusted gross income, tax-exempt interest and one half of your Social Security benefits. Therefore, you have very few options to position your assets to help control your tax liability.

## What are your options ...

One asset that is not included in provisional income is interest income from a tax-deferred annuity. Seldom has the tax deferral benefit been more important to you as a tool to minimize the amount of your Social Security benefits that are subject to taxation.

By placing some of your assets into *tax-deferred annuities*, allowing interest to compound *tax-deferred*, and only withdrawing what you need, you can reduce your current taxable income.

## With annuities you can ...

- Earn interest without paying current taxes on it, until withdrawn.
- Earn interest on your interest, thus compounding your asset growth and giving you even more income potential.
- Defer your tax liability on your hard-earned retirement income.



## In addition, annuities offer ...

- Competitive interest rates
- No direct downside risk to premium due to market volatility
- Multiple liquidity options, if needed

Could a tax-deferred annuity reduce your taxes and increase your disposable income? Ask your insurance agent about the advantages that an annuity may make available to you.

## What is your tax liability ...



Use the illustrations to figure your tax liability. You may find areas where you can reposition your assets to reduce the taxes you pay.

### For Provisional Income \$34,000 and Under (Single) or \$44,000 and Under (Joint)

- Sources of Income:
 

Pension	\$ _____
Taxable Interest	\$ _____
Tax-Free Interest	\$ _____
Other Earnings	\$ _____
- Total Income Before Social Security \$ \_\_\_\_\_
- One-Half of Social Security Benefits \$ \_\_\_\_\_
- Provisional Income (Add 2 and 3) \$ \_\_\_\_\_
- Base Amount (\$25,000 if single or \$32,000 if joint) \$ \_\_\_\_\_
- Excess Income (Subtract Line 5 from 4) \$ \_\_\_\_\_
- Taxable Social Security Income  
The lesser of 1/2 of Line 6 or the amount on Line 3 \$ \_\_\_\_\_