

Annuity earnings will become taxable income when you withdraw them. Make sure you don't immediately need the income before moving to a tax deferred annuity. Withdrawals in the early years could also incur surrender penalties.

If you would like more understanding on how to reduce taxes on your Social Security benefits, please contact us at your convenience.

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**How To
REDUCE
TAXES
On Your
SOCIAL
SECURITY
BENEFITS**

This information should be considered as general guidance and should not be used as specific advice for your individual case. Taxpayers should always seek counsel from competent tax professionals.

For More Information Contact:

"YOUR NAME"

"Your Company Name"

"Your Address"

"Your City, State Zip Code"

"Your Phone Number"



How To Reduce Taxes On Your Social Security Benefits

If you collect Social Security benefits, a portion of it may be taxable, depending on your total income and marital status. As your income increases, so does the portion of your Social Security benefits that is subject to tax.

PROVISIONAL INCOME

To understand how to reduce taxes on your Social Security benefits, you must first know what the government calls your “provisional” income.

The government defines provisional income as your total income, including tax exempt income, plus half of your Social Security benefits.

Tax exempt income includes interest on tax exempt bonds. Disability and survivor benefits are also included.

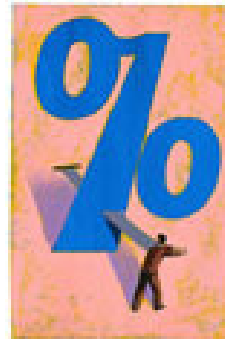
$$\begin{aligned} &\text{Total Income} \\ &+ \frac{1}{2} \text{ Social Security Income} \\ &= \text{Provisional Income} \end{aligned}$$

If your provisional income is less than the “base” amount shown in the chart below, then your Social Security benefits are not taxed at all.

Filing Status	Base	Adjusted
Single Taxpayer	\$25,000	\$34,000
Married Filing Jointly	\$32,000	\$44,000
Married Filing Separately But Living Together	\$-0-	\$-0-

If your provisional income is between the “base” amount and the “adjusted” amount, then half of your Social Security benefits are taxable.

If your provisional income is over the adjusted amount, then 85% of your Social Security benefits is taxable. The taxable portion of your Social Security benefits cannot exceed 85% of your total benefits. The base and adjusted amounts are different for single taxpayers, married taxpayers filing jointly and married taxpayers filing separately but living together.



HOW TAX DEFERRED ANNUITIES CAN HELP

Although tax exempt income is included in calculating your provisional income, a tax deferred Annuity can help reduce taxes on your Social Security benefits.

Income that is left to accumulate inside a tax deferred annuity does not appear on your tax return and is not used in calculating your total income.

Therefore, moving money from a taxable investment to a tax deferred annuity can reduce taxes on Social Security benefits.

You can actually *pay no tax at all* on your Social Security benefits if you shelter enough income inside a tax deferred annuity and your other income is below the “base” amount threshold.

If your investments are generating taxable income, that income is counted when determining how much of your Social Security benefits are taxed. Earnings that grow tax deferred inside an annuity are not counted toward your provisional income.

