

The Math for Single Sally Hypothetical

For simplicity, these hypotheticals are for an unmarried person who is not claimed as a dependent by anyone else.

Step 1

Hypothetical		A	B	C	D
	Retroactive Payment and monthly benefits received in 2013 for Single Sally	\$22,000	\$56,000	\$84,468	\$56,000
		60 year old Single Sally gets some retro	60 year old Single Sally gets more retro	60 year old Sally gets amazing retro	Retro plus 401k w/d (no penalty bc 60 years old)
	Wages	0	0	0	0
Plus	Other income	0	0	0	\$28,468
Plus	Certain Tax Exempt Income	0	0	0	0
Plus	50% of SSDI (includes half of attorney fee and premiums paid)	\$11,000	\$28,000	\$42,234	\$28,000
Equals	Provisional Income	\$11,000	\$28,000	\$42,234	\$56,468

Step 2 (choose categories)

	Hypothetical	A	B	C	D
a.	Is provisional income less than \$25,000 (if so, no taxable benefits)	Yes	X	x	X
b.	Is provisional income between \$25,000 and \$34,000	X	Yes	x	x
c.	Is provisional income above \$34,000	x	X	Yes	Yes

b.		Hypothetical B
*50% of SSDI benefits		
	SSDI benefits	\$56,000
	Multiply by 50%	.5
		\$23,000
*50% of Provisional Income above \$25,000		
	Provisional Income	\$28,000

	Minus \$25,000	-\$25,000
		\$3,000
	Multiply by 50%	\$1,500
Lowest Value – If negative not taxable		\$1,500

c. lesser of		Hypothetical C	Hypothetical D
*85% of SSDI benefits			
	SSDI benefits	\$84,468	\$56,000
	Multiply by 85%	.85	
		\$71,798	\$47,600
*85% of Provisional Income above \$34,000 plus \$4500			
	Provisional Income	\$42,234	\$56,468
	Minus 34,000	-\$34,000	-\$34,000
		\$8,234	\$22,468
	Multiply by 85%	.85	.85
		\$6,999	\$19,098
	Plus \$4,500	\$4,500	\$4,500
		\$11,499	\$23,598
*85% of Provisional Income above \$34,000 plus 50% of SSDI benefits			
	Provisional Income	\$42,234	\$56,468
	Minus \$34,000	-\$34,000	-\$34,000
		\$7,234	\$22,468
	Multiply by 85%	.85	.85
		\$6,149	\$19,098
	Plus 50% of SSDI	\$42,234(\$84,468/2)	\$28,000(\$56,000/2)
		\$48,383	\$47,098
Lowest Value – If negative not taxable		\$11,449	\$23,598

	A	B	C	D
Award Amount	\$22,000	\$56,000	\$84,468	\$56,000
Taxable	0	\$1,500	\$11,499	\$23,598
Actual % of taxed benefits (100 * Taxable	0	2.68%	13.6%	42.1%

divided by award amount)				
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Step 3 (Quick and Dirty Math)

	A	B	C	D
Taxable Social Security	0	\$1,500	\$11,499	\$23,598
Other tax able sources				\$28,468
Standard Deduction and Exemption	-\$10,000	-\$10,000	-\$10,000	-\$10,000
Taxable Amount	0	0	\$1,499	\$42,066
Actual Maximum Taxes due for Single Sally				
10% of first \$8925			\$150	\$892
15% of additional \$8925 to \$36,250				\$4,099
25% of remaining up to \$87,850				\$1,454
Maximum tax liability	\$0	\$0	\$150	\$6,445