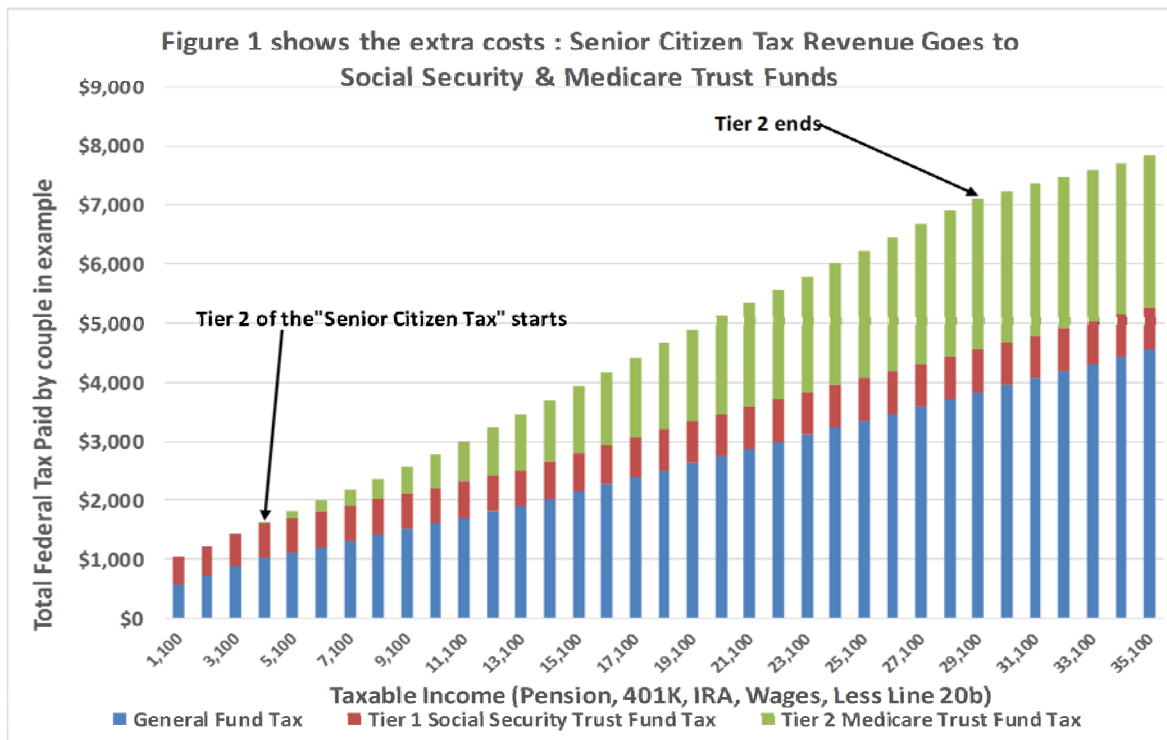


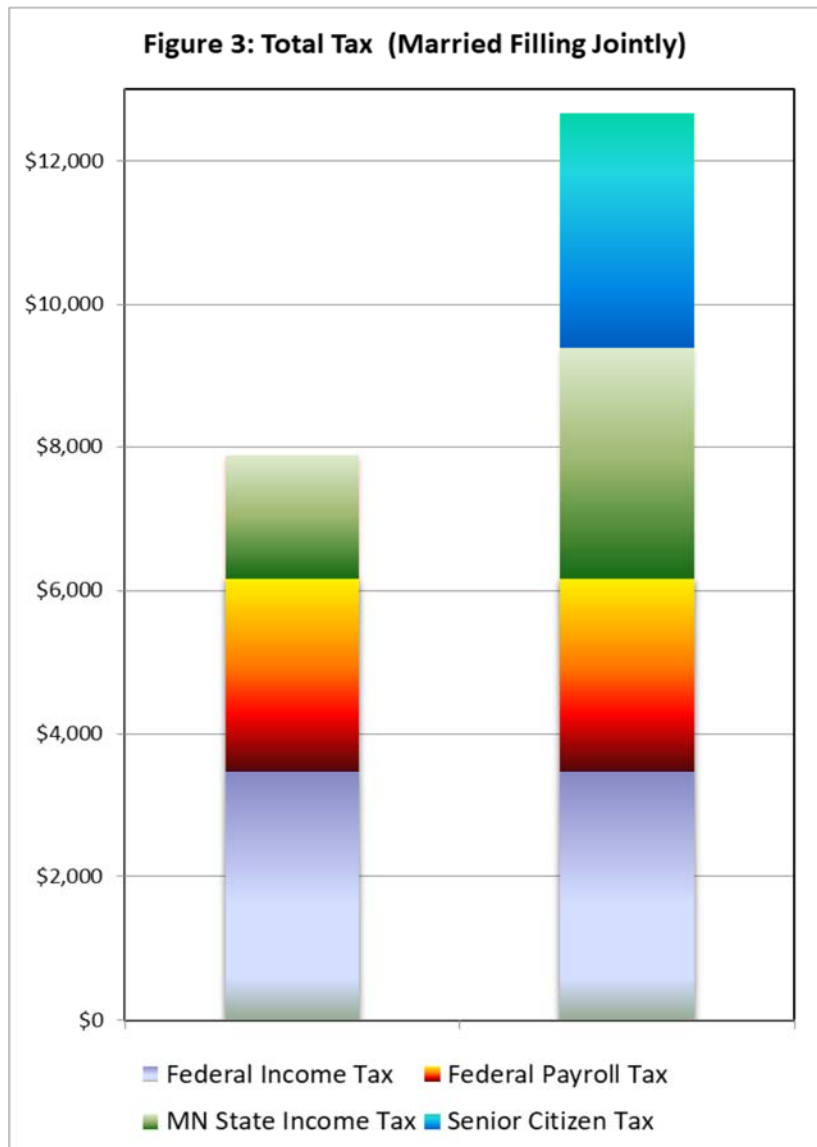
**Help President Trump Repeal the “Senior Citizens Tax”:** Repeal the double taxing of Social Security Benefits after retirement, called the “Senior Citizen Tax.” Double taxation creates a “Tax Bubble” and causes marginal tax rates to go as high as 43% even though the income is in the 12% Federal bracket based 2018 Trump Taxes and a \$24,000 Standard Deduction. Only 7 states include this tax in the state tax calculation. Minnesota is one of them but starting in 2017 subtractions will be applied with limitations based on income and a reduction cap of \$4,500. The Federal Tax needs to be repealed which would also eliminate it at the state level. The First Tier Tax, (Tier 1) was signed into law by President Reagan in 1983 (up to \$6,000 or 50% of Social Security Benefits became taxable) creating a Tax Bubble with increased tax revenue going to the “Social Security Trust Fund”. The Second Tier (Tier 2) portion, was signed into law by President Bill Clinton in 1993 (from \$6,001 to 85% of Social Security Benefits became taxable), caused a double tax, because while employees were working they already paid income taxes on the earned income. The extra tax revenue goes to the “Medicare Trust Fund”. When Social Security Benefits started being paid out **they were all tax free**

**Extra Costs Identified:** Figure 1 shows the Extra Costs associated with the “Senior Citizen Tax”. In the sample calculation used in Figure 1 a series of calculations were made based on \$1,000 increments of part-time income (part time jobs for husband & wife), then increased income is compared to increased taxes. When their part-time income reached \$32,100, their taxable Social Security compounded taxable income by \$27,356, which is 85% of the \$32,184 total Social Security Benefits. See Table 1

- Tier 1: Starts at 0% and goes to \$6,000 of Taxable Social Security Benefits with the increased Tax revenue going to the Social Security Trust Fund. In the example used in this document, that amounted to \$900 which is 15% of the \$6,000 cap of Tier 1.
- Tier 2: Tier 2 starts at \$6,001 and goes up to 85% of the total Social Security income of the retired couple used in this document. In the example used in this document, that amounted to total increased Taxable income of \$27,356 less \$6,000 the cap of Tier 1 leaves Tier 2 increase of \$21,356 in taxable income. At 12% that amounted to \$3,203 for Tier 2. As income increases past the 85% of Taxable Social Security Benefits the Senior Citizen Tax remains constant.



**Senior Citizen Tax Causes \$4,796 Increase in Taxes:** Figure 3 shows a comparison between retirees receiving Social Security Benefits with the tax repealed, to the same retirees paying the “Senior Citizen Tax.” The graph represents a retired married couple receiving \$32,184 Social Security Benefits (based on \$1,341, the average monthly Social Security Benefit); \$21,000 Taxable Pension plus they continued working and earned an additional \$32,100 income and filed taxes jointly. Bar 1 represents taxes paid with the “Senior Citizen Tax” repealed. Bar 2 represents the total taxes paid including the “Senior Citizen Tax” under existing laws. After retirement the couple continued working part-time at a Social Security paying employer and paid Social Security Payroll Taxes. See Table 1 Note the extra tax amounts (Senior Citizen Social Security Tax = \$720; Senior Citizen Medicare Tax = \$2,563) totaling \$3,231. Total Income Taxes including MN State taxes of \$3,231 amounted to \$9,985, compared to \$5,188 if the tax was repealed; the existing laws (Line 20b of the Federal IRS Form 1040) caused a 92.5% increase in income taxes. In addition the couple paid \$2,685 in (FICA Payroll taxes) based on \$32,100 part-time wages, totaling \$12,670.



**Table 1 - Sample Tax Calculation Data**

		- 1 -	- 2 -
		Retired Senior Citizen TAX Repealed	Retired Paying Senior Citizen TAX
#	Description		
1	(7) Wages, salaries, tips, etc.	\$35,100	\$35,100
2	(16b) Taxable Pension Income	\$21,000	\$21,000
3	(20a) Total Social Security Benefits	\$32,184	\$32,184
4	(20b) Taxable Social Security		\$27,356
5	(38) Gross Income	\$56,100	\$83,456
6	40a Schedule A Deductions	\$7,300	\$7,300
7	(40b) Standard Deduction	\$24,000	\$24,000
8	40 Standard or Itemized deductions	\$24,000	\$24,000
9	(42) Exemptions (\$4,000 per person)	\$0	\$0
10	(43) Taxable Income	\$32,100	\$59,456
11	(44) Federal Income Tax (Excluding Senior citizen Tax)	\$3,471	\$3,471
12	Fed. Social Security Tax Via Senior Citizen Tax		\$720
13	Fed Medicare Tax Via Senior Citizen Tax		\$2,563
14	Sub-Total Senior Citizen Tax		\$3,283
15	(44) Federal Income Tax (including Senior Citizen Tax)	\$3,471	\$6,754
16	Minnesota State Tax	\$1,717	\$3,231
17	Total Income Taxes (including Federal & MN State)	\$5,188	\$9,985
18	Fed Social Security Tax on Wages (\$32,100)	\$2,176	\$2,176
19	Fed Medicare Tax on Wages (\$32,100)	\$509	\$509
20	Sub-Total Fed Payroll Tax on Wages	\$2,685	\$2,685
21	Total Taxes (Income Plus Payroll)	\$7,874	\$12,670

Based on 2018 Federal and Minnesota tax rates - Married Filing Jointly

**“Remember”**

***“A fine is a tax for doing wrong”***

***“And”***

***“A tax is a fine for doing well”***

***“And”***

***“A Senior Citizen Tax is nonsense”***