

# Your Social Security

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News and Information for SSDI and SSI Recipients

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## Cut Your Tax Bill: Strategies for Disabled Americans

It seems that taxes confused even one of the brainiest guys in history—Albert Einstein—who famously said: “The hardest thing in the world to understand is taxes.” The American income tax system is complex and confusing, but here are some basic guidelines to help you understand how your disability payments are taxed and some ideas on how to reduce your tax liability.

H&R Block, the national tax preparation company, points out that “all Social Security benefits are taxed in the

same way. This is true whether they’re retirement, survivors, or disability benefits.” But for the majority of people, Social Security benefits are not taxable. According to Social Security, “some people who get Social Security have to pay taxes on their benefits. About one-third of...current beneficiaries pay taxes on their benefits.”

Typically disability recipients who pay taxes on benefits are those receiving Social Security Disability Insurance (SSDI) payments. Supplemental Security Income recipients seldom pay income taxes, because if they have sufficient income to have to pay taxes, they don’t qualify for SSI.

So when do you have to pay taxes on SSDI benefits? In general, if you or your spouse have another source of substantial income you will owe money to the tax man.

According to H&R Block, none of your SSDI is taxable if one-half of your SSDI plus all your other income is less than:

- \$25,000 if you filed as single, head of household, or married filing separately and you and your spouse lived apart all year.
- \$32,000 if you’re married filing jointly.



For the majority of people, Social Security benefits are not taxable.

Up to 50% of your SSDI is taxable if your income is more than those amounts. Also, up to 85% of your SSDI is taxable if one-half of your SSDI plus all your other income is more than:

- \$34,000 if you filed as single, head of household, or married filing separately and you and your spouse lived apart all year.
- \$44,000 if you’re married filing jointly.

If you are married and file a separate return and you and your spouse lived together at any time during the year you will probably owe taxes on your benefits.

State income tax levied on Social Security income varies from state to state. Kiplinger Magazine reports that “Nebraska taxes Social Security income to the extent it’s taxed on the taxpayer’s federal return. Iowa implemented a gradual phase-out of its tax on Social Security income, so as of this year all

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## Cut Your Tax Bill: Strategies for Disabled Americans

# Taxes

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(Cut Your Tax Bill...continued from page 1.)

Social Security benefits are free of state taxes.

If you received a lump sum payment of disability benefits in 2014 you can lower the amount of taxes owed by spreading them out. The IRS allows you to spread the taxes on lump sum benefits over the previous tax years to which the benefits apply. You can do this on your current year return and do not have to file amended returns.

Social Security disability attorney fees are tax deductible in some cases. The National Organization of Social Security Claimants Representatives (NOSSCR) says, "If a taxpayer discovers that some of the Social Security lump sum—when added to regular benefits received in the same year—turns out to be taxable, the attorney fee may be deducted from income, but only to the same extent that Social Security is taxed." But to take this deduction, you must file an itemized return and this limited deduction is subject to the 2% of adjusted gross income ceiling on miscellaneous itemized deductions.

Please note that this article gives general income tax guidance, but should not be used as tax advice in individual cases.

You should always seek guidance from a competent tax professional.



**"5 Deadly Mistakes That Can Destroy Your Social Security Disability Case" is the #1 guide to improving the odds of winning a disability case.**

**For a FREE copy for you or someone you care about call Cuddigan Law at 402.933.5318 or email us at [lawteam@cuddiganlaw.com](mailto:lawteam@cuddiganlaw.com)**

## Applying for Social Security Disability & What You Need to Know Now: A Free Seminar

Are you thinking about applying for Social Security Disability benefits? Has your initial application for benefits been denied? You can learn what you need to know now about Social Security Disability Insurance from Cuddigan Law.

At our free and open-to-the-public seminar, our attorneys will share tips and inside information on how to get the insurance benefits you've earned.

Thursday, March 12, 6:30 p.m.  
Regency Lodge Omaha  
909 S. 107th Avenue

This seminar is free but seating is limited so please call 402.933.5323 to reserve your place.

## For Your Information

Cuddigan Law maintains an extensive free library of articles, videos and blogs about Social Security disability.

Visit our web site at [cuddiganlaw.com](http://cuddiganlaw.com).



## Comfort Food

From the kitchen of Janet Cuddigan

One of the best ways I have found to beat the winter blahs is with some easy-to-make and easier-to-eat comfort food.

I think you'll love this delicious and fun treat that you can make with your kids.

### Amazing Surprise Pie

2 cups milk  
¾ cup sugar  
½ cup Bisquick® baking mix  
4 eggs  
¼ cup margarine  
1 ½ teaspoons vanilla  
Dash cinnamon  
1 cup coconut flakes

Place all ingredients except coconut in a blender. Blend on low for 3 minutes. Pour into a greased 9 inch pie pan. Let stand for 5 minutes. Sprinkle with coconut. Bake a 350 degrees for 40 minutes.



## Connections

A spotlight on organizations that offer help and assistance in our community.

**Organization:** American Diabetes Association



**Mission:** The American Diabetes Association leads the fight against the deadly consequences of diabetes and fight for those affected by diabetes. They fund research to prevent, cure, and manage diabetes. They deliver services to hundreds of communities. They provide objective and credible information. They give voice to those denied their rights because of diabetes.

### Help Offered:

Awareness and educational programs help those who are living with diabetes with specific programs tailored for groups affected by diabetes including seniors, African-Americans, Latinos and other segments of the population. Diabetes EXPOs provide free health screenings, cooking demonstrations, and information from leading diabetes experts. American Diabetes Association Camps let kids have a great time participating in traditional camp activities and connecting with other children with diabetes.

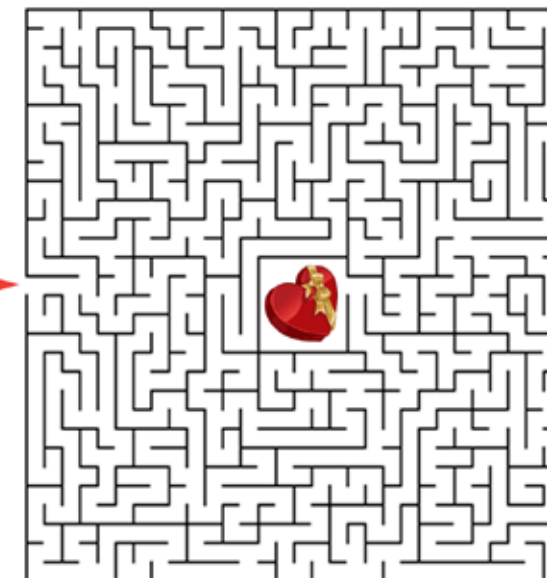
Go to [diabetes.org](http://diabetes.org) or call 1-800-DIABETES for more information.

(Source: [www.diabetes.org](http://www.diabetes.org))



A Valentine's Day Maze  
(Can You get the candy?)

For the puzzle solution go to [cuddiganlaw.com/library/newsletters](http://cuddiganlaw.com/library/newsletters)



## We're in your corner.

We value the confidence and trust you have placed with us in the past.

If you or a family member or a friend could use our help now or in the future, please pass along our name.

Cuddigan Law.

Disability law is all we do.



Tim & Sean Cuddigan

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