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Taxation of Social Security Benefits for Disabled Beneficiaries Aged 25 to 59

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Taxation of Social Security Benefits for Disabled Beneficiaries Aged 25 to 59

SUMMARY

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September 3, 2026

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Social Security is a self-financing program that provides monthly cash benefits to eligible retired or disabled workers and their family members and to the eligible family members of deceased workers. Much of the discussion about taxation of Social Security benefits has been focused on beneficiaries collecting benefits based on their status as a retired worker, spouse, or widow(er). This report addresses how taxation of benefits occurs among beneficiaries receiving benefits on the basis of disability by restricting its analysis to beneficiaries aged 25-59. At age 60, individuals may become eligible as a widow(er) of a deceased worker based on age. Eligibility for benefits as a retired worker or as a spouse based on age begins at age 62.

Nearly 98% of beneficiaries aged 25-59 are eligible for Social Security on the basis of their disability as a disabled worker (on their own record) or as an auxiliary beneficiary (on another person's record), including disabled workers, disabled adult children, and disabled widow(er)s. To meet the statutory definition of disability, a worker must be unable to engage in any substantial gainful activity (SGA) due to any medically determinable physical or mental impairment that (1) is expected to result in death or (2) has lasted, or is expected to last, for at least 12 consecutive months. Approximately 78% of beneficiaries aged 25-59 are disabled workers, while 18% are disabled adult children whose disability began prior to age 22.

Taxation of Social Security benefits began with the Social Security Amendments of 1983. The rationale for taxing Social Security benefits included improving tax equity by treating Social Security benefits more like other forms of retirement income and other income designed to replace lost wages. Further, it provided revenue to strengthen the financial solvency of the Social Security trust funds. The Congressional Budget Office estimates that in 2026, income taxes on Social Security benefits will total $120 billion, an amount equal to 7.1% of total Social Security benefits received in that year.

Under current law, the amount of Social Security benefits included in a taxpayer's income is calculated using a statutory formula. Up to 85% of Social Security benefits can be included in taxable income for recipients whose "provisional income" exceeds either of two statutory thresholds (based on filing status). Provisional income is adjusted gross income, *plus* certain tax-exempt income (tax-exempt interest), *plus* certain income specifically excluded from federal income taxation, *plus* 50% of Social Security benefits. Social Security beneficiaries whose *provisional income* is above one of two statutory thresholds may pay federal income taxes on a portion of their Social Security benefits.

The statutory formula means that the amount of Social Security benefits considered taxable is determined largely by the non-Social Security income received by the beneficiary. Using 2023 income from the Current Population Survey, married beneficiaries aged 25-59 were more likely than single beneficiaries in the same age range to report that they and/or their spouse received income from earnings, pensions, and assets. Single beneficiaries aged 25-59 were more likely to report receiving public assistance, which generally is not included in provisional income. Most beneficiaries aged 25-59 who reported receiving only Social Security income were estimated to have no taxable Social Security benefits; for those who had estimated taxable benefits, the estimated taxable amount was calculated to be less than the standard deduction.

Being married has a substantial effect on whether a beneficiary aged 25-59 has taxable Social Security benefits. Over 85% of single beneficiaries aged 25-59 have no taxable Social Security benefits. In contrast, less than 40% of married beneficiaries aged 25-59 have no taxable Social Security benefits. Married beneficiaries aged 25-59 who had other income from sources such as earnings, pensions, or IRAs were consistently more likely to have taxable Social Security benefits than single beneficiaries aged 25-59 who had similar income sources.

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Introduction

Social Security is a self-financing program that provides monthly cash benefits to eligible retired or disabled workers and their eligible family members and to the eligible family members of deceased workers. In May 2026, the Social Security system provided $137.8 billion in monthly benefits to over 71.2 million retired or disabled workers and their spouses, survivors, and dependents.[1] Generally, retired workers must be at least age 62 with 10 years of covered employment. Disabled workers may be younger, with time in covered employment varying depending on when the worker became disabled. Family members must meet additional criteria to be eligible for auxiliary benefits on a retired or disabled worker's record.[2] In May 2026, 76.5% of beneficiaries were retired workers and 9.9% were disabled workers, with the remainder comprising family members of retired, disabled, or deceased insured workers.[3] Average monthly benefits for retired and disabled workers were $2,083 and $1,635, respectively.

This report focuses on the prevalence of Social Security benefits subject to federal income tax among beneficiaries aged 25 to 59. In December 2024, nearly 98% of beneficiaries in this age range were eligible for benefits based on their disability either as a disabled worker (on their own record) or as an auxiliary beneficiary (on another person's record).[4] At age 60, individuals may become eligible as a widow(er) of a deceased worker. Eligibility for benefits for retired worker or as a spouse based on age begins at age 62.

To meet the statutory definition of disability, a worker must be unable to engage in any substantial gainful activity (SGA) due to any medically determinable physical or mental impairment that (1) is expected to result in death or (2) has lasted, or is expected to last, for at least 12 consecutive months. SSA uses an earnings limit to determine whether a person's work activity constitutes SGA, which for 2026 is $1,690 per month for most workers and $2,830 per month for blind workers.[5] These amounts are typically adjusted annually for average wage growth. In general, workers must have severe impairments that prevent them from doing any substantial work that exists in significant numbers in the national economy, taking into consideration their age, education, and work experience. The work need not exist in the immediate area in which a worker lives, nor must a specific job vacancy exist for the individual. Unlike workers' compensation or veterans' disability compensation, Social Security does not pay benefits for partial or short-term disabilities.[6]

Since 1984, a portion of Social Security benefits have been taxable, contingent on income. Taxation of Social Security benefits improves the financial solvency of the trust funds because a portion of income tax liability attributable to Social Security benefits is transferred to the trust fund that pays those benefits. Over time, as Social Security benefit levels and other income amounts increase and the thresholds for taxation of Social Security benefits remain fixed, a

[1] Social Security Administration (SSA), "Monthly Statistical Snapshot, May 2026," Table 2, https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/2026-05.html.

[2] For an overview of Social Security, see CRS Report R42035, *Social Security Primer*.

[3] SSA, "Benefits in current payment status," https://www.ssa.gov/OACT/ProgData/icp.html.

[4] Generally, beneficiaries aged 25-59 who are not disabled are widowed mothers and fathers or spouses based on having a deceased, retired, or disabled worker's child in their care.

[5] SSA, Substantial Gainful Activity, "Amounts for 2026," https://www.ssa.gov/oact/cola/sga.html.

[6] For additional information, see CRS In Focus IF10506, *Social Security Disability Insurance (SSDI)*, and CRS Report R44948, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): Eligibility, Benefits, and Financing*.

growing fraction of Social Security beneficiaries are subject to taxation of their Social Security benefits.

Beneficiaries with income above certain statutory thresholds are subject to federal income taxation on up to 50% of their Social Security benefits. Those proceeds ($57.8 billion in 2025) are credited to the Social Security trust fund that pays the benefits being taxed. Since 1993, beneficiaries with income above a higher set of statutory thresholds are subject to federal income taxation on up to 85% of their Social Security benefits, and those proceeds ($41.1 billion in 2025) are credited to Medicare's Hospital Insurance trust fund.

Changes in tax policy, as well as programs that encourage work among Social Security beneficiaries, may affect whether beneficiaries are subject to income tax on their Social Security benefits, which in turn may also affect the solvency of the Social Security trust funds. The determination of taxable Social Security benefits stipulated in Section 86 of the Internal Revenue Code does not vary by type of benefit or beneficiary age. Marital status and other income sources determine how much of a beneficiary's Social Security benefits are taxed. Beneficiaries aged 25-59 receiving benefits on the basis of disability may experience the taxation of benefits differently than older retired, spousal, or survivor beneficiaries because of differences in their socioeconomic characteristics. Disability and elderly beneficiaries generally have different eligibility requirements and receive different benefit amounts. In addition, disability beneficiaries may receive other sources of income that differ from elderly beneficiaries, leading to variations in the extent to which benefits are taxable.

This report first identifies the types of benefits received by Social Security beneficiaries aged 25-59. It then describes the current law on determining taxable benefits, along with example calculations of hypothetical beneficiaries. Because the calculation of taxable benefits depends on the receipt of certain sources of income, the next sections estimate beneficiaries' receipt of sources of non-Social Security income, broken out by marital status. The following section provides estimates of taxable Social Security benefits. The report concludes with potential implications for policy.

Social Security Receipt Among Beneficiaries Aged 25-59

This report provides estimates of taxable Social Security benefits for beneficiaries aged 25-59. Although beneficiaries younger than age 25 or older than 59 may collect benefits based on their disabilities, beneficiaries in the 25-59 age range are most likely to receive benefits based on their own disability rather than on another type of benefit. For example, nondisabled widows may claim survivor benefits as early as age 60, and retired workers may claim retirement benefits as early as age 62. **Table 1** shows the beneficiary types that may collect benefits between ages 25 and 59 and the number and percentage of beneficiaries aged 25-59 of that type. Disabled workers, disabled adult children, and disabled widow(er)s received benefits based on disability and constitute nearly 98% of beneficiaries aged 25-59.[7]

[7] See Section 202(b) and 202(c) of the Social Security Act; 42 U.S.C. §402(b) and 402(c).

Table 1. Social Security Beneficiaries Aged 25-59, Number and Percentage, by Benefit Type

December 2024

Benefit Type	Number of Beneficiaries	Percentage of Beneficiaries
Total	4,908,379	100.0%
Disabled workers	3,834,022	78.1%
Children[a]	893,018	18.2%
Widowed mothers and fathers	94,173	1.9%
Disabled widow(er)s	66,467	1.4%
Spouses[b]	20,699	0.4%

Source: CRS calculations derived from Social Security Administration, *Annual Statistical Supplement, 2025*, Section 5.A, https://www.ssa.gov/policy/docs/statcomps/supplement/2025/.

Notes:

a. This row refers to adults who have a disability that began before they turned 22 years old, also known as *childhood disability beneficiaries* or *disabled adult children*. SSA considers this benefit a "child's" benefit because it is paid on a parent's Social Security earnings record.

b. Spouses are eligible based on the care of children. Due to the age categories in the underlying data, this row includes spouses under the age of 25 (if any).

Disabled Workers

To qualify for Social Security benefits as a disabled worker, the worker must be below Social Security's *full retirement age* (65-67, depending on year of birth),[8] be insured in the event of disability, meet the statutory definition of disability, and have filed an application for benefits. Workers gain insured status through earning Social Security credits by working in a job and paying Social Security payroll taxes. A worker must meet a recent work test and duration of work test based on the age at which the worker developed a disability. In general, for workers whose disability developed in the quarter they turned 31 or older, the requirement is to have worked for five years out of the 10-year period ending with the quarter they developed a disability. Younger workers may qualify with less work experience based on their age.[9]

The proportion of disabled worker beneficiaries grows with beneficiary age from relatively few in their 20s or 30s, growing with age to most being in their 50s or 60s. Disabled workers are converted to retired worker benefits at full retirement age (65-67 depending on year of birth). [10] Several factors may contribute to this pattern, including, but not limited to

- the use of age as a vocational factor in determining eligibility for disability benefits in which the Social Security Administration (SSA) considers advancing age to be an increasingly limiting factor in a claimant's ability to adjust to other work,[11]

[8] Full retirement age is also referred to as *normal retirement age*. See SSA, "Normal retirement age," https://www.ssa.gov/oact/progdata/nra.html, for a table of normal retirement age by birth year.

[9] For additional information, see SSA, "Disability Benefits," Publication No. 05-10029, February 2025, https://www.ssa.gov/pubs/EN-05-10029.pdf.

[10] Full retirement age is also referred to as *normal retirement age*. See SSA, "Normal retirement age," https://www.ssa.gov/oact/progdata/nra.html, for a table of normal retirement age by birth year.

[11] For SSA policy, see "SSA - POMS: DI 25015.005 - Age as a Vocational Factor," March 22, 2011, https://secure.ssa.gov/poms.nsf/lnx/0425015005.

- the increasing likelihood of experiencing health impairments or disability with age,[12] and
- the youngest of the baby boom generation (birth years 1946 to 1964) are age 62 in 2026, and still eligible to receive disability benefits until they reach age 67.

While nearly four in five beneficiaries aged 25-59 are disabled worker beneficiaries, slightly more than half of disabled worker beneficiaries (53%) were aged 25-59 in December 2024. Approximately one-third of disabled worker beneficiaries were aged 60-64, with another 12.8% aged 65-66. Less than 1% of disabled worker beneficiaries were younger than 25.

Childhood Disability Beneficiaries (Disabled Adult Children)

Adults aged 18 or older with qualifying disabilities that began before they turned 22 may be able to receive a type of Social Security family benefit called childhood disability benefits if they meet certain criteria. An individual qualifies for childhood disability benefits—sometimes also called disabled adult child (DAC) benefits—based on the work record of a parent who is receiving Social Security retirement or disability benefits or who is deceased and met minimum insured status requirements under Social Security at the time of death. SSA considers this disability benefit a "child's" benefit because it is paid on a parent's Social Security earnings record. [13]

An individual's childhood disability benefit amount equals a certain share of the parent's Social Security monthly benefit (generally up to 50%-75% of the insured parent's basic benefit), subject to a maximum amount of benefits that can be paid on one worker's record (i.e., a family maximum).[14] Generally, the child's marriage ends entitlement to childhood disability benefits.[15]

Childhood disability beneficiaries represent approximately 24% of the nearly 3.8 million child Social Security beneficiaries.[16] The age distribution of childhood disability beneficiaries differs from that of disabled workers. Three-quarters of DACs are aged 25-59. The largest percentage of DACs is age 35-39 (13.3%), followed by age 30-34 (12.8%), and age 40-44 (12.2%). **Figure 1** shows the percentage distribution of DACs (1,187,404 total) compared with the percentage

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[12] U.S. Census Bureau, *Disability Status by Age Group*, August 14, 2024, https://www.census.gov/library/visualizations/2024/comm/disability-status-age-group.html.

[13] Social Security *child beneficiaries* refers to the relationship between the beneficiary (child) and the insured individual (parent). Child beneficiaries may be receiving payments based on an insured retired, disabled, or deceased parent's earnings record.

Social Security does not provide disability benefits to children under age 18. Children with qualifying disabilities may be eligible to receive Supplemental Security Income (SSI), a separate disability program administered by SSA, if they meet the program's income, resource, and other eligibility rules. For more information on SSI, see CRS In Focus IF10482, *Supplemental Security Income (SSI)*. Social Security child's benefits are also available to eligible children who are under age 18 or under age 19 and full-time students (grade 12 or below), regardless of disability status based on the work records of their parents who are receiving Social Security or are deceased. For more information on Social Security child's benefits, see CRS In Focus IF12069, *Social Security: How Do Children Qualify for Benefits?*

[14] For additional information on entitlement requirements, see SSA, Program Operations Manual System (POMS), "DI 10115.001 Requirements for Entitlement to Childhood Disability Benefits (CDB)," September 4, 2014, https://secure.ssa.gov/poms.nsf/lnx/0410115001. See also Sections 202(d) and 216(e) of the Social Security Act; 42 U.S.C. §§402(d) and 416(e); and 20 C.F.R. §404.350.

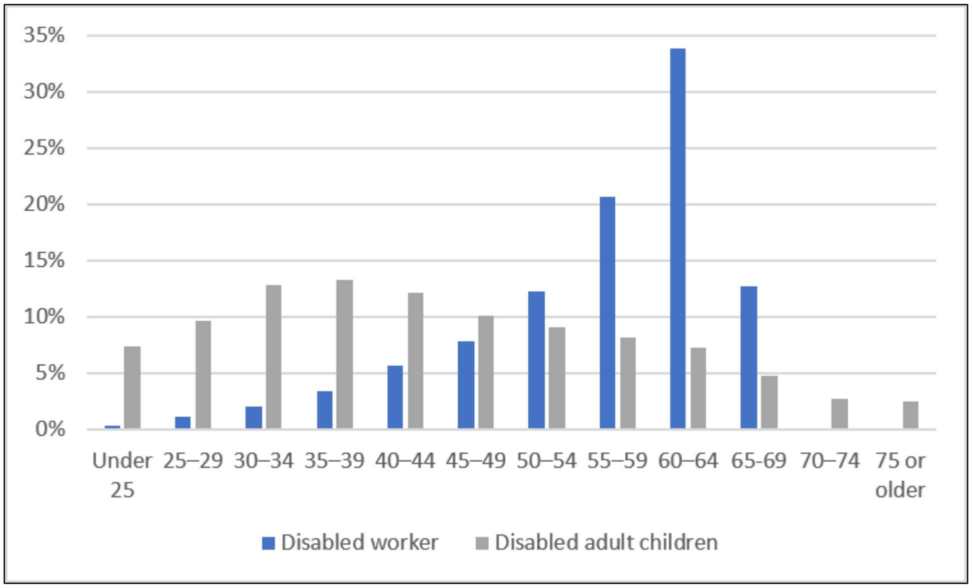
[15] Marriage does not end entitlement to childhood disability benefits if the child marries another Social Security beneficiary other than a minor or student child beneficiary. For additional information on the termination of childhood disability benefits, see SSA, "POMS: RS 00203.035 – Child's Benefits Termination of Entitlement - 09/06/2023," https://secure.ssa.gov/poms.nsf/lnx/0300203035.

[16] SSA, *Annual Statistical Supplement, 2025*, Table 5.A.4, https://www.ssa.gov/policy/docs/statcomps/supplement/2025/.

distribution of disabled workers (7,231,147 total) over age groups. DACs are more evenly distributed over the age distribution and peak at lower ages (age 35-39). Relatively low percentages of disabled workers are in the youngest age categories, with the percentages of disabled workers increasing quickly with age through the 50s and 60s. The bar for disabled workers aged 65-69 represents only the percentage of disabled workers aged 65-66 because disabled workers become retired workers when they reach full retirement age (currently age 67).

Figure 1. Percentage of Beneficiary Type, by Age

December 2024



Source: Chart created by CRS based on SSA, *Annual Statistical Supplement, 2025*, Tables 5.A2 and 5.A.4, https://www.ssa.gov/policy/docs/statcomps/supplement/2025/.

Notes: Disabled workers in the 65-69 age category are only age 65 or 66. Disabled adult child beneficiaries are also referred to as childhood disability beneficiaries. The total number of disabled workers for this figure is 7,231,147. The total number of disabled adult children is 1,187,404.

Other Beneficiaries Aged 25-59

The other types of beneficiaries aged 25-59 are widowed mothers and fathers, disabled widow(er)s, and spouses with an eligible child in their care. Together, they represented less than 5% of beneficiaries aged 25-59 in December 2024. Typically, a mother's or father's benefits are payable to a young widow(er) or divorced parent who is caring for a deceased worker's child. Generally, disabled surviving spouses of deceased insured workers are 50 years of age but not yet 60 and are unmarried, subject to additional eligibility requirements. Spouses under the age of 62 may qualify for benefits if they have an eligible child in their care who is under the age of 16 or disabled and are not entitled to a disabled-worker benefit equal to or larger than the spousal benefit.[17]

[17] For additional detail on eligibility requirements for the different types of beneficiaries, see CRS Report R44948, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): Eligibility, Benefits, and Financing*.

Taxation of Social Security Benefits

Current Law

Taxation of Social Security benefits began with the Social Security Amendments of 1983. The rationale for taxing Social Security benefits included improving tax equity by treating Social Security benefits more like other forms of retirement income and other income designed to replace lost wages. In addition, taxation of benefits provided revenue to strengthen the financial solvency of the Social Security trust funds.[18]

Under current law, the amount of Social Security benefits included in a taxpayer's income is calculated using a statutory formula. Up to 85% of Social Security benefits may be included in taxable income for recipients whose "provisional income" exceeds either of two statutory thresholds (based on filing status). Provisional income is adjusted gross income, *plus* certain tax-exempt income (tax-exempt interest), *plus* certain other income specifically excluded from federal income taxation (interest on certain U.S. savings bonds used for higher education expenses, employer-provided adoption benefits, interest paid on a student loan, foreign earned income or foreign housing, and income earned in Puerto Rico or American Samoa by bona fide residents), *plus* 50% of Social Security benefits.

Social Security beneficiaries whose *provisional income* is above one of two statutory thresholds may pay federal income taxes on a portion of their Social Security benefits.[19] None of the thresholds is indexed for inflation or wage growth.

- The first-tier thresholds, below which no Social Security benefits are taxable, are $25,000 of provisional income for taxpayers filing as single, head of household, or qualifying widow(er) and $32,000 of provisional income for taxpayers filing a joint return. In the case of taxpayers who are married filing separately, the threshold is also $25,000 of provisional income if the spouses lived apart all year, but it is $0 for those who lived together at any point during the tax year.
- If provisional income is between the first-tier thresholds and the second-tier thresholds of $34,000 (for single filers) or $44,000 (for married couples filing jointly), the amount of Social Security benefits subject to tax is the lesser of (1) 50% of Social Security benefits or (2) 50% of provisional income in excess of the first threshold.
- If provisional income is above the second-tier thresholds, the amount of Social Security benefits subject to tax is the lesser of (1) 85% of benefits or (2) 85% of provisional income above the second threshold, plus the smaller of (a) $4,500 (for single filers) or $6,000 (for married filers) or (b) 50% of benefits. Because the threshold for married taxpayers filing separately who have lived together any time during the tax year is $0, the taxable benefits in such a case are the lesser of 85% of Social Security benefits or 85% of provisional income.

[18] Taxation of Social Security benefits improves the financial solvency of the trust funds because a portion of income tax liability attributable to Social Security benefits is transferred to the trust fund that pays those benefits. U.S. Congress, House Ways and Means Committee, *Social Security Act Amendments of 1983*, Report on H.R. 1900 together with Additional and Dissenting Views, 98th Cong., 1st sess., March 4, 1983, Rept. 98-25 Part 1 (Washington: GPO, 1983), pp. 24-25.

[19] This calculation determines Social Security benefits included in taxable income but does not determine the taxes due on taxable income.

The calculation of income tax due happens separately from determining the amount of Social Security benefits included in total income. The income tax due depends on the rest of a taxpayer's tax situation, especially on the total of any deductions the taxpayer is eligible for (including standard or itemized deductions and other deductions available only in certain situations, such as for qualified business income, educator expenses, or student loan interest paid).[20] Therefore, some taxpayers may have Social Security benefits included in income but may not pay income tax on those benefits.

Example Calculations

Table 2 illustrates how taxable benefits are determined using an example of a hypothetical single taxpayer and an example of a hypothetical married couple filing a joint return. The table uses an average disability insurance benefit of $1,493 per month.[21] Disabled beneficiaries may have other income from income from pensions, retirement accounts,[22] or non-Social Security disability benefits, spousal earnings, or asset income. The *other income* in Step 1 of the table represents inclusion of possible income from earnings, pensions, assets, or other sources in provisional income. In the table, *other income* is represented by estimates from the Census Bureau for 2024 that persons aged 25-64 with payments reported as survivor, disability, or retirement benefits received a median amount of $17,040, and persons aged 25-64 with earnings received a median amount of $59,680.[23] The table calculates only the Social Security benefits that are includible in income under current law; it does not calculate tax liability or taxes paid on benefits.

The amount of Social Security benefits considered taxable is determined largely by non-Social Security income. This is because only half of Social Security benefits are included in provisional income, whereas other income sources are not reduced before they are included in provisional income. Also, Social Security benefits have a maximum,[24] while other income sources may not.

Table 2. Examples of Taxable Benefits for Social Security Benefit Recipients

	Single	Married Filing Jointly
	Average Disability Insurance Benefit, Other Income	One Average Disability Insurance Benefit, One Average Earner
Step 1: Calculate Provisional Income		
Other income	$17,040	$59,680

[20] For additional information on factors affecting income tax due, see CRS Report R48313, *Overview of the Federal Tax System in 2024*.

[21] SSA, "Monthly Statistical Snapshot, April 2026," Table 2, https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/2026-04.html. Disability insurance benefits include disabled workers, spouses of disabled workers, and children of disabled workers, and the average benefit varies with the type of benefit.

[22] With some exceptions, withdrawals from traditional IRAs before reaching age 59½ are subject to an additional 10% tax. If an individual becomes disabled before reaching age 59½, any distributions from the traditional IRA because of the disability are not subject to the 10% additional tax. For additional information, see IRS, *Distributions from Individual Retirement Arrangements (IRAs)*, Publication 590-B, 2025, https://www.irs.gov/publications/p590b.

[23] U.S. Census Bureau, "Current Population Survey Tables for Personal Income, Table PINC-08. Source of Income in 2024—People 15 Years Old and Over by Income of Specified Type in 2024, Age, Race, Hispanic Origin, and Sex," https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-08.html.

[24] For additional information, see "What is the maximum Social Security retirement benefit payable?," https://www.ssa.gov/faqs/en/questions/KA-01897.html.

	Single	Married Filing Jointly
	Average Disability Insurance Benefit, Other Income	**One Average Disability Insurance Benefit, One Average Earner**
+ 50% of Social Security (based on annual benefits of $17,916)	$8,958	$8,958
= Provisional income	$25,998	$68,638
Step 2: First-Tier Threshold Taxable Benefits		
First-tier threshold	$25,000	$32,000
Excess over the first-tier threshold	$998	$12,000
Lesser of		
• Provisional income *minus* first-tier threshold		
• Difference between first- and second-tier thresholds [$9,000 single, $12,000 married]		
First tier taxable benefits equals	$499	$6,000
Lesser of		
• 50% of benefits		
• 50% of excess over first tier		
Step 3: Second-Tier Threshold Taxable Benefits		
Second-tier threshold	$34,000	$44,000
Calculate excess over the second-tier threshold (provisional income *minus* second-tier threshold)	Does not exceed - stop	$24,638
Second tier taxable benefits equals 85% of excess over second-tier threshold		$20,942
Step 4: Calculate Total Taxable Social Security Benefits		
If provisional income is	$499	$15,229
• Less than the first-tier threshold, no benefits are taxable		
• Less than the second-tier threshold, taxable benefits equal first-tier taxable benefits		
Greater than the second-tier threshold, taxable benefits equal the lesser of (1) 85% of Social Security benefits or (2) first-tier taxable benefits plus second-tier taxable benefits		

Source: Congressional Research Service (CRS); SSA, "Monthly Statistical Snapshot, April 2026," Table 2, https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/2026-04.html; U.S. Census Bureau, "Current Population Survey Tables for Personal Income, Table PINC-08. Source of Income in 2024—People 15 Years Old and Over by Income of Specified Type in 2024, Age, Race, Hispanic Origin, and Sex," https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-08.html.

Notes: The table calculates only the Social Security benefits that are includible in income under current law; it does not calculate tax liability or the actual taxes paid on benefits.

Income of Social Security Beneficiaries Aged 25-59

As **Table 2** shows, the amount of Social Security benefits that are considered taxable is largely determined by non-Social Security income. This section provides estimates of total income and the prevalence of other sources of income received by beneficiaries aged 25-59.

Data

The estimates are tabulated using the 2024 Current Population Survey Annual Social and Economic Supplement (CPS ASEC). The CPS ASEC is an annual survey conducted from February to April each year among the civilian, noninstitutional population of the United States. It does not include residents of prisons or nursing homes or military personnel living on base. CPS ASEC asks social and demographic questions and questions about the amount of money income received in the preceding calendar year for each person 15 years old and older.

The CPS ASEC collects data on money income received (exclusive of certain money receipts such as capital gains) before payments for personal income taxes, Social Security payroll taxes, union dues, Medicare deductions, etc. Money income excludes tax credits such as the Earned Income Tax Credit.[25]

This report first estimates the sources of money income and noncash benefits received by Social Security beneficiaries aged 25-59. Estimates are reported separately for single Social Security beneficiaries and persons in married couples.[26] The income for persons in married couples is the total for both spouses. This is similar to how income is reported when filing income tax returns. An individual filing a single return reflects only the individual's income. Married individuals filing jointly submit one return reflecting the couple's total income. Income for a married couple may be received by the beneficiary aged 25-59, the beneficiary's spouse, or both. If both spouses in a couple are beneficiaries aged 25-59, each spouse is represented as an individual with the married couple's income.[27] **Table 3** displays the percentages of beneficiaries aged 25-59 receiving income or noncash benefits[28] from the following:

- *Earnings* include wage and salary earnings plus self-employment income.

[25] Although the income statistics refer to receipts during the preceding calendar year, the demographic characteristics, such as age and household composition, are as of the survey date. For additional information on income data in the Current Population Survey, see Melissa Kollar and Zach Scherer, Current Population Reports, P60-286, *Income in the United States: 2024*, U.S. Census Bureau, https://www2.census.gov/library/publications/2025/demo/p60-286.pdf.

[26] *Single* includes married but living apart.

[27] This means that a beneficiary aged 25-59 married to nonbeneficiary counts as one person with the married couple's income. Two beneficiaries aged 25-59 married to each other count as two persons, each with the married couple's income.

[28] Historically, researchers have found that sources of pension and asset income are underreported in the CPS ASEC, whereas earnings and Social Security are reported more accurately. For a summary of findings on the accuracy of reporting in the CPS ASEC, see Adam Bee et al., *Measuring Income of the Aged in Household Surveys: Evidence from Linked Administrative Records*, U.S. Census Bureau, Center for Economic Studies, CES 24-32, Washington, DC, June 2024, https://www2.census.gov/library/working-papers/2024/adrm/ces/CES-WP-24-32.pdf.

Studies have also found that means-tested transfer income (e.g., from the Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families) is also underreported. For additional information, see Bruce D. Meyer and Nikolas Mittag, "Using Linked Survey and Administrative Data to Better Measure Income: Implications for Poverty, Program Effectiveness, and Holes in the Safety Net," *American Economic Journal: Applied Economics*, vol. 11, no. 2 (April 2019), pp. 176-204, https://www.jstor.org/stable/26727315.

- *Pensions and retirement savings* include income from defined-benefit pension plans, annuities, and distributions from defined-contribution (DC) retirement accounts and Individual Retirement Accounts (IRAs).[26]
- *Income from assets* includes business income, interest, dividends, and rents.[29]
- *Public assistance* includes Supplemental Security Income (SSI), other cash assistance income, and noncash benefits, including Supplemental Nutrition Assistance Program (SNAP), energy, and housing assistance.
- Other sources of income include *veterans' benefits*, *workers' compensation*, *unemployment compensation*, and *personal contributions* consisting of alimony, child support, and financial assistance from friends or relatives not living in the same household.

Table 3. Percentage of Social Security Beneficiaries Aged 25-59 with Selected Sources of Income

Income received in 2023

	Single	Married
Earnings	21.1%	57.0%
Wages and salaries	20.2%	55.3%
Self-employment	1.4%	4.7%
Pensions, annuities, and IRA withdrawals	4.4%	20.4%
Income from assets[a]	31.5%	67.5%
Interest	30.5%	65.2%
Dividends	4.6%	19.1%
Other asset income	2.5%	8.2%
Cash public assistance and noncash benefits	46.8%	18.0%
Supplemental Security Income (SSI)	18.4%	9.6%
Other cash public assistance	2.3%	0.6%
Noncash benefits	46.4%	17.6%
Veterans' benefits	2.0%	8.2%
Unemployment compensation	0.6%	2.5%
Workers' compensation	0.5%	0.8%
Personal contributions	5.7%	3.1%
Total population (in 1,000s)	3,120	1,577

Source: CRS tabulations of 2024 Annual Social and Economic Supplement to the Current Population Survey.

Notes: *Single* includes married but living apart. Income for a married beneficiary may be received by the beneficiary aged 25-59, the beneficiary's spouse, or both. If both spouses in a couple are beneficiaries aged 25-59, each spouse is represented as an individual with the married couple's income.

a. Income from assets may be negative.

In 2023, single beneficiaries aged 25-59 were less likely to receive income from earnings, pensions, or assets, but more likely to be receiving cash or other public assistance than married

[29] Asset income may be negative.

beneficiaries aged 25-59 based on total income of the married couple. That only one in five single disabled beneficiaries report earnings is consistent with beneficiaries' demonstrated limited capacity for work and the SGA limit on earnings while a beneficiary (for 2026, $1,690 per month for most workers and $2,830 per month for blind workers).[30]

Table 4 shows the distribution of total income of beneficiaries aged 25-59 according to whether certain sources of income other than Social Security were received and by marital status. Income is reported as it would be on an income tax return: beneficiaries filing single report only their income, while beneficiaries filing married joint returns report the income received by both spouses. Total income includes all the income sources listed in **Table 3** but excludes the cash value of noncash public assistance benefits.[31] Note that estimates in **Table 4** are based on survey data developed to gather information on money income as defined by the Census Bureau. The Internal Revenue Service's definitions of specific types of income for income taxation purposes may vary.

The columns for Report Only Social Security Income may include Social Security benefits received by a beneficiary's spouse, regardless of spouse's age and are not limited to benefits based on disability. In addition, reported Social Security benefits may include retroactive or past-due benefits.[32] In 2023, 38% of single beneficiaries aged 25-59 reported receiving money income solely from Social Security, and of those reporting only Social Security income, 63% had total income under $15,000. Married beneficiaries aged 25-59 were less likely to report having only Social Security income (11%), and of those married beneficiaries aged 25-59 reporting only Social Security income, 48% had income less than $25,000, based on the total income of the married couple.

Earnings, pensions, and IRAs are more likely to represent larger amounts of income for individuals who received them, so additional columns in **Table 4** provide estimates of total income from all sources combined (including Social Security) for beneficiaries aged 25-59 who reported having income from earnings and pensions, IRAs, or annuities.[33] The Reports Earnings columns exclude beneficiaries who report no earnings. The Reports Pension, IRA, or Annuity Income columns exclude beneficiaries with no income from pensions, IRAs, or annuities. Beneficiaries may be represented in more than one column if they or their spouses have income from both earnings and pensions, IRAs, or annuities. Beneficiaries whose only non-Social Security income is not from earnings, pensions, IRAs, or annuities are included in All Beneficiaries but not represented in the other columns.

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[30] SSA, Substantial Gainful Activity, "Amounts for 2026," https://www.ssa.gov/oact/cola/sga.html.

[31] This report omits dollar values of noncash benefits from total income. Because noncash benefits can be applied only to their intended use, they are not fungible as money income is. This lack of flexibility may make the value of a noncash benefit somewhat lower than the face value to the recipient. For additional information, see "Cash Valuation of Noncash Benefits: Not Fully Interchangeable" in CRS Report R45031, *The Supplemental Poverty Measure: Its Core Concepts, Development, and Use*.

[32] SSDI provides *retroactive benefits* for up to 12 months immediately before the month a disabled worker files an application, provided the worker met all other entitlement factors prior to the filing date. Retroactive benefits should not be confused with *past-due benefits*, which include both retroactive benefits and benefits owed to claimants for months in which they met all relevant entitlement factors in or after the month of application. For additional information, see CRS Report R44948, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): Eligibility, Benefits, and Financing*.

[33] With some exceptions, withdrawals from traditional IRAs before reaching age 59½ are subject to an additional 10% tax. If an individual becomes disabled before reaching age 59½, any distributions from the traditional IRA because of the disability are not subject to the 10% additional tax. For additional information, see IRS, *Distributions from Individual Retirement Arrangements (IRAs)*, Publication 590-B, 2025, https://www.irs.gov/publications/p590b.

Of the 21% of single beneficiaries aged 25-59 who had earnings in 2023, approximately half had total income (not limited to earnings) less than $35,000, suggesting that the earnings included in total income would be consistent with earning below SGA.[34] Earnings above SGA may be permissible under SSA's work incentives;[35] however, rules regarding work while receiving SSDI are complex.[36] Also, higher levels of total income do not necessarily mean that the higher total income is solely attributable to earnings, since total income includes other sources of income, such as Social Security benefits and pensions. Married beneficiaries aged 25-59 are more likely to report being in a couple with earnings (57%). If a beneficiary's spouse is not a disabled beneficiary, SSA's rules regarding work do not apply to the nonbeneficiary spouse and total income for the married couple is correspondingly higher. Approximately 12% of married beneficiaries aged 25-59 reporting earnings have total income less than $45,000, while roughly 43% of married beneficiaries aged 25-59 reporting earnings have total income of $100,000 or more.

Relative to earnings, very few single beneficiaries (about 4%) report receiving pension, IRA, or annuity income. Those single beneficiaries aged 25-59 receiving this income generally have more total income at all points of the total income distribution than all single beneficiaries aged 25-59. Beneficiaries who became disabled while a child or during early stages of their careers may not have had the opportunity to contribute to a pension or IRA, limiting access to these accounts as a source of income. Married beneficiaries aged 25-59 were more likely (20%) than single beneficiaries aged 25-59 to report receiving income from pensions, IRAs, or annuities. One explanation is similar to that for earnings, in that a nonbeneficiary spouse may have had greater access to a pension or retirement account than a disabled beneficiary. The total income distribution for married disabled beneficiaries aged 25-59 reporting pension or retirement account income is similar to that of married disabled beneficiaries aged 25-59 reporting earnings, and is generally higher than all married beneficiaries aged 25-59.

Table 4. Total Income Distribution of Beneficiaries Aged 25-59, by Receipt of Non-Social Security Income and Filing Marital Status

Income received in 2023

	All Beneficiaries		Report Only Social Security Income[0]		Reports Earnings		Reports Pension, IRA, or Annuity Income	
Total Income	**Single**	**Married Joint**	**Single**	**Married Joint**	**Single**	**Married Joint**	**Single**	**Married Joint**
Less than $15,000	38.6%	5.4%	62.8%	37.1%	9.7%	0.2%	8.7%	1.5%
$15,000-$24,999	30.4%	6.2%	31.3%	24.1%	19.3%	2.1%	15.5%	0.7%
$25,000-$34,999	12.6%	8.5%	4.3%	28.0%	21.1%	4.5%	14.5%	0.8%
$35,000-$44,999	6.4%	9.4%	1.3%	0.7%	15.3%	5.0%	0.3%	7.9%

34 Determination of whether earnings constitute SGA is for a given month. Survey earnings are reported for an entire year, so the number of months a beneficiary may have had SGA cannot be determined, and SSA's work incentives may waive or increase the SGA limit for certain beneficiaries. Also, earnings may have been received during the year for work prior to becoming a disability beneficiary.

35 For additional information, see SSA, *The Red Book*, https://www.ssa.gov/redbook/.

36 See diagrams illustrating the complexity of returning to work on pages 6 and 7 of U.S. Congress, House Ways and Means Committee, Social Security Subcommittee, *Return-to-Work and Overpayments in the Disability Insurance Program*, Statement of David Weaver, Social Security Administration, 114th Cong., 1st sess., June 16, 2015, https://waysandmeans.house.gov/wp-content/uploads/2015/06/SS-6-16-15-Weaver-Testimony.pdf.

Total Income	All Beneficiaries Single	All Beneficiaries Married Joint	Report Only Social Security Income[0] Single	Report Only Social Security Income[0] Married Joint	Reports Earnings Single	Reports Earnings Married Joint	Reports Pension, IRA, or Annuity Income Single	Reports Pension, IRA, or Annuity Income Married Joint
$45,000-$54,999	2.8%	13.4%	0.0%	8.5%	9.1%	12.3%	13.5%	14.9%
$55,000-$64,999	4.4%	5.8%	0.3%	1.5%	9.8%	4.5%	19.0%	4.2%
$65,000-$74,999	1.0%	6.5%	0.0%	0.0%	2.8%	8.9%	4.9%	7.6%
$75,000-$99,999	2.0%	14.2%	0.0%	0.0%	5.5%	19.2%	14.5%	14.4%
$100,000-$149,999	1.2%	17.9%	0.0%	0.0%	4.4%	24.1%	9.0%	22.0%
$150,000-$199,999	0.2%	6.4%	0.0%	0.0%	0.9%	8.2%	0.0%	9.3%
$200,000 or more	0.5%	6.3%	0.0%	0.0%	2.3%	11.0%	0.0%	16.6%
Person count (in 1,000s)	3,120	1,577	1,193	176	658	899	137	322

Source: CRS tabulations of 2024 Annual Social and Economic Supplement to the Current Population Survey.

Notes: *Single* includes married but living apart.

Total income does not include the cash value of noncash public assistance. Estimates are based on survey data developed to gather information on money income as defined by the Census Bureau. The Internal Revenue Service's definitions of specific types of income for income taxation purposes may vary. Some types of income included as *income other than Social Security* (the two columns furthest to the right), such as SSI and veterans' benefits, are not taxable.

Columns based on the receipt of income do not include all beneficiaries. The Report Only Social Security columns exclude beneficiaries reporting any income other than Social Security. The Reports Earnings columns exclude beneficiaries who report no earnings. The Reports Pension, IRA, or Annuity Income columns exclude beneficiaries with no income from pensions, IRAs, or annuities.

Beneficiaries with negative asset income are included in All Beneficiaries columns but excluded from the rest of the table.

Social Security Only may include Social Security benefits received by a beneficiary's spouse, regardless of spouse's age, and are not limited to benefits based on disability. In addition, reported Social Security benefits may include retroactive or past-due benefits.

Estimates of Taxable Social Security Benefits

In this section, data from the CPS ASEC are used to calculate taxable benefits as determined by the Social Security worksheet for Form 1040 lines 6a and 6b and illustrated in **Table 2**. The higher likelihoods of reported income from earnings, pensions, and assets for beneficiaries in married units in **Table 3** may make it more likely that those beneficiaries aged 25-59 will have taxable Social Security income.

Table 5 estimates the extent to which Social Security benefits are taxable for a single individual or married couple for all beneficiaries aged 25-59. It compares the provisional income constructed on the Social Security worksheet with the statutory thresholds for determining the taxable amounts of Social Security.

Table 5 reports if estimated provisional income is

- less than or equal to the first-tier threshold, and no benefits are taxable;
- greater than the first-tier threshold but less than or equal to the second-tier threshold, and taxable benefits equal first-tier taxable benefits; or

- greater than the second-tier threshold, and taxable benefits equal (1) the lesser of 85% of Social Security benefits or (2) first-tier taxable benefits plus second-tier taxable benefits

The table contains estimates for all beneficiaries aged 25-59 regardless of whether they would have been required to file or not.[37] The estimates assume that married couples living together file jointly. Married beneficiaries not living in the same household as their spouse are grouped with single beneficiaries.[38] The estimates include only income reported by the beneficiary and, if married, the beneficiary's spouse. A beneficiary may be represented by more than one column depending on their sources of non-Social Security income. For example, a beneficiary with income from an IRA and earnings would be included in all the columns except "Reports Only Social Security." Beneficiaries whose only non-Social Security income is not included on the Social Security Worksheet are included in All Beneficiaries but not represented in the other columns. This table derives only the Social Security benefits that are includible in income under current law; it does not calculate tax liability or taxes paid on benefits.

Table 5. Estimated Social Security Benefits Includible in Total Income for Beneficiaries Aged 25-59

Income reported for 2023

	All Beneficiaries Aged 25-59	Reports Only Social Security	Reports Pension, IRA, or Annuity Income	Reports Earnings
Single				
Below first-tier threshold (<$25,000)	85.5%	99.7%	40.9%	48.1%
Between first- and second-tier thresholds ($25,000-$34,000)	5.2%	0.3%	15.6%	15.1%
Above second-tier threshold (>$34,000)	9.4%	0.0%	43.5%	36.7%
Person count (1,000s)	3,120	1,193	137	658
Married				
Below first-tier threshold (<$32,000)	38.8%	100.0%	13.1%	11.9%
Between first- and second-tier thresholds ($32,000-$44,000)	9.1%	0.0%	15.6%	11.3%
Above second-tier threshold (>$44,000)	52.1%	0.0%	71.3%	76.8%
Person count (1,000s)	1,572	176	322	898

Source: CRS tabulations of 2024 Annual Social and Economic Supplement to the Current Population Survey.

Notes: Other Social Security Worksheet Income refers to non-Social Security income included in provisional income in the worksheet for filling out lines 6a and 6b of the IRS 1040 form.

Single includes married but living apart.

[37] For additional information, see IRS, "Check if you need to file a tax return," https://www.irs.gov/individuals/check-if-you-need-to-file-a-tax-return.

[38] The single thresholds apply for single, head of household, qualifying surviving spouse, and married but living apart from spouse for the entire year. The threshold for married taxpayers filing separately who have lived together any time during the tax year is $0, the taxable benefits in such a case are the lesser of 85% of Social Security benefits or 85% of provisional income.

Beneficiaries may be represented in multiple columns based on sources of non-Social Security income. Beneficiaries whose only non-Social Security income is not included on the Social Security Worksheet are included in All Beneficiaries but not represented in the other columns.

Beneficiaries with negative asset income are excluded from the table.

Over 99% of beneficiaries aged 25-59 who report having income only from Social Security have provisional income below the first-tier threshold and do not have any Social Security benefits included in taxable income. Although the remaining beneficiaries reporting only Social Security income would have some benefits includible in total income, the benefits included generally would be less than the standard deduction, meaning that no income tax would be paid on the benefits.[39] This is likely to change in the future as benefits increase but the thresholds remain fixed.[40]

Beneficiaries with income from other sources are more likely to exceed the first or second thresholds. For those above the first threshold but below the second, benefits includible in total income are at most $4,500 for singles and $6,000 for married couples. For those above the second threshold, the amount of Social Security benefits included in total income will not exceed 85% of benefits.

Being married has a substantial effect on whether a beneficiary aged 25-59 has taxable Social Security benefits. Over 85% of single beneficiaries aged 25-59 have provisional income below the first threshold, meaning that they have no taxable Social Security benefits. In contrast, less than 40% of married beneficiaries aged 25-59 are below the first threshold and have no taxable Social Security benefits; more than half have provisional income above the higher threshold and may pay tax on up to 85% of benefits.

As shown in **Table 5**, married beneficiaries aged 25-59 were consistently more likely to have taxable Social Security benefits than single beneficiaries aged 25-59 who had similar income sources. Over 70% of married beneficiaries aged 25-59 with earnings, pensions, or IRAs had provisional income exceeding the higher statutory threshold. Even for single beneficiaries aged 25-59 with earnings, nearly half had provisional income below the first threshold, whereas less than 12% of married beneficiaries had provisional income below the first threshold.

Earnings may not be as large a factor for single beneficiaries as married beneficiaries because the single beneficiaries are disability beneficiaries who have demonstrated a limited capacity for work and are generally subject to a limit on earnings while a beneficiary. Married couples may have a nonbeneficiary spouse not subject to the same limitations. Single beneficiaries are less likely to have no taxable Social Security benefits if they are receiving a pension, IRA, or annuity (40.9%) than if they are receiving earnings (48.1%). Similarly, single beneficiaries are more likely to be above the higher threshold if they are receiving a pension, IRA, or annuity (43.5%) than if they are receiving earnings (36.7%). The opposite is true for married beneficiaries, with married beneficiaries with income from earnings being more likely to exceed both thresholds than married beneficiaries with income from pensions, IRAs, or annuities.

[39] For an example of the determination for beneficiaries receiving the maximum Social Security benefit, see CRS Report R48613, *Taxation of Social Security Benefits and the Senior Deduction in P.L. 119-21: In Brief*. Social Security benefits may include a lump-sum benefit payment that was for an earlier year. The taxable amount due to the lump sum may be able to be reduced. For additional information, see Lump-Sum Election in IRS Publication 915.

[40] For examples of legislation that would modify or eliminate the taxation of benefits, see CRS In Focus IF11397, *Social Security Benefit Taxation Highlights*.

Solvency of the Social Security and Medicare Hospital Insurance Trust Funds

Changes to policy that raise or lower taxable benefits or total income taxes paid by Social Security beneficiaries may affect the Social Security and Medicare Hospital Trust Funds.

- The proceeds from taxing up to 50% of Social Security benefits for beneficiaries with provisional income between the first-tier and second-tier thresholds are credited to Social Security's two trust funds—the Old-Age and Survivors Insurance and Disability Insurance trust funds—on the basis of the source of the benefits taxed.
- Additional proceeds from taxing up to 85% of benefits for beneficiaries with provisional income above the second-tier thresholds are credited to Medicare's Hospital Insurance trust fund.[41]

In 2025, the Social Security trust funds were credited with $57.8 billion from the taxation of Social Security benefits, or 4.9% of the trust funds' total income.[42] Also in 2025, income to the Medicare Hospital Insurance trust fund from the taxation of Social Security benefits was $41.1 billion, or 8.9% of the trust fund's total income.[43] CBO estimated that in 2026, income taxes paid on Social Security benefits will total $120 billion, an amount equal to 7.1% of total Social Security benefits received in that year. CBO projects that revenues from the taxation of Social Security benefits will increase from $120 billion in 2026 to $212 billion in 2036. CBO projects that income taxes paid on Social Security benefits will rise from 7.1% of those benefits in 2026 to 9.0% by 2056.[44]

Policies leading to less taxable income may result in less money credited to the Social Security trust funds. The Department of the Treasury's Office of Tax Analysis uses its Individual Income Tax Model (ITM) to estimate the amount of tax liability attributable to the taxation of benefits. It explains:

> The ITM uses the tax and information return data and extrapolations to estimate the amount of Social Security and Railroad Social Security Equivalent benefits included in AGI [adjusted gross income] and the Federal income tax liability attributable to the inclusion of those benefits for all of the filing units in the model. To do this, each tax unit's liability is estimated with and without the inclusion of benefits received by that tax unit. The difference between those two levels of income tax liability equals the tax liability attributable to the inclusion of benefits. The ITM results are used to calculate both the percentage of total benefits included in AGI and the average effective marginal tax rates applicable to the taxable benefits. Final estimates of tax liability attributable to the partial inclusion of benefits are produced using a spreadsheet-based model. This model blends the estimates of the percent of benefits in AGI and the average effective marginal tax rates

[41] CRS Report RL32552, *Social Security: Taxation of Benefits*.

[42] SSA, Trust Fund Data, "Old-Age, Survivors, and Disability Insurance Trust Funds Income," https://www.ssa.gov/oact/STATS/table4a3.html#income.

[43] CMS, 2026 Annual Report of the Boards of Trustees of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, "Table III.B4.—Operations of the HI Trust Fund during Calendar Years 1970–2035," https://www.cms.gov/oact/tr/2025#page=64.

[44] CBO Report, The Taxation of Social Security Benefits, August 26, 2026, https://www.cbo.gov/publication/62553.

> with more recent tax return information (not available when the ITM is extrapolated) and the most current tax collection information.[45]

The additional senior deduction for tax years 2025-2028 in Section 70103 of P.L. 119-21 is an example of a policy that does not directly change the determination of taxable Social Security benefits but may still affect Social Security solvency.[46] The senior deduction is not relevant to beneficiaries aged 25-59 unless they have a spouse aged 65 or older who is eligible to claim the deduction (beneficiaries aged 25-59 are not eligible to claim for themselves).

Consider beneficiaries with taxable benefits who would have paid tax without the senior deduction but who no longer will under the new senior deduction. Because they no longer have a tax liability, no income tax can be attributed to taxable Social Security benefits in the ITM using the current methodology. Similarly, the increased senior deduction may result in taxpayers being placed in lower tax brackets and paying lower marginal tax rates. Both situations would likely lower the tax on benefits going to the trust funds under the current ITM methodology. The 2026 Social Security Trustees Report estimates that changes in P.L. 119-21 will decrease the amount of revenue going to the Trust Funds from income taxation of Social Security benefits. They report that

> this law makes permanent the lower income tax rates and adjusted tax brackets originally enacted under the 2017 Tax Cuts and Jobs Act and both increases and makes permanent the larger standard deduction of the 2017 Act. The OBBBA [P.L. 119-21] also adds a temporary additional standard deduction for taxpayers over age 65. As a result, less income tax will be paid on Social Security benefits, and the OASI and DI Trust Funds will receive lower levels of revenue in the future from income taxation of Social Security benefits.[47]

The Medicare Trust Fund Report includes a similar statement that following changes in P.L. 119-21 the Hospital Insurance Trust Fund will receive lower levels of revenue from income taxation of Social Security benefits. [48]

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[45] U.S. Department of the Treasury, Office of Tax Analysis, Report on the Taxation of Social Security and Railroad Retirement Benefits in Calendar Years 2015 through 2020, November 2024, p. 20, https://home.treasury.gov/system/files/131/Report-Taxation-Social-Security-2015-2020.pdf#page=20.

[46] The senior deduction is separate from the determination of the amount of Social Security benefits included in total income. The senior deduction is located in Section 151 of the Internal Revenue Code, does not change the calculation of how much of an individual's or couple's Social Security benefits is taxable (i.e., included in total income), and is not limited to Social Security beneficiaries. The determination of taxable Social Security benefits is located in Section 86 of the Internal Revenue Code and was not changed by P.L. 119-21. For additional information, see CRS Report R48613, *Taxation of Social Security Benefits and the Senior Deduction in P.L. 119-21: In Brief.*

[47] The *2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, II. Overview, A. Highlights*, June 9, 2026, https://www.ssa.gov/oact/tr/2026/II_A_highlights.html#.

[48] *2026 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds*, p. 6, II. Overview, A. Highlights, June 9, 2026, https://www.cms.gov/oact/tr/2026.

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