




## Lesson Plan

### Income – Social Security Benefits

Time Required: 30 minutes

Introduction	Objectives	Topics
<p>Some taxpayers may have income from Social Security or equivalent railroad retirement benefits. This lesson helps volunteers determine whether this income is taxable or not.</p>	<p>Determine the taxable portion of Social Security and railroad retirement benefits.</p> <p>Determine the most advantageous method of reporting lump-sum Social Security benefits.</p> <p>Report Social Security and railroad retirement benefits on the tax return.</p>	 <p>Social Security and Railroad Retirement Benefits</p> <p>Finding the Taxable Portion</p> <p>Lump-Sum Benefit Payments</p>

### Key Terms

**Annuity:** A series of payments under a contract from an insurance company, a trust company, or an individual. Annuity payments are made at regular intervals over a period of more than one year.

**Pension:** A series of definitely determinable payments made to an employee or survivor (the beneficiary of a deceased employee's pension) after the employee retires from work.

**Railroad Retirement Benefits (RRBs):** Benefits paid to railroad employees working in jobs that are covered by the Railroad Retirement Act. The RRA has two components. Tier 1 is the equivalent of Social Security benefits and Tier 2 is like an employer's pension plan.

**Social Security Benefits:** Payments made under Title II of the Social Security Act. They include old-age, survivors, and disability benefits.

## Teacher Tips

### Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	Review the online demo of TaxSlayer on entering the taxpayer's basic information.	<b>TaxSlayer® Demo:</b> From the Practice Lab, select : <ul style="list-style-type: none"> <li>• TaxSlayer IRS training</li> <li>• Click the appropriate demo</li> </ul>
Provide details and engage the students	<p><b>Discuss</b> all tips and cautions in detail.</p> <p><b>Ask</b> students to read and/or role-play examples and sample interviews.</p> <p><b>Review</b> answers to each exercise; ask students how they arrived at their answers.</p>	<b>Internet:</b> Link & Learn Taxes (L&LT) Income – Social Security Benefits

### Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p><b>Review</b> lesson objectives.</p> <p><b>Point out</b> where Social Security benefits are disclosed on the intake and interview sheet.</p> <p><b>Show</b> where Social Security benefits are reported on Form 1040.</p> <p><b>Review</b> list of references.</p> <p><b>State</b> the presentation time.</p>	<p><b>Visual:</b>  <a href="#">Form 13614-C</a>, Page 2, Part III  <a href="#">Form 1040</a></p> <p><b>Internet:</b>                      FAQ: <a href="#">Social Security Income</a>                      Tax Map: <a href="#">Social Security and Railroad Retirement Benefits</a></p>

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Social Security and Railroad Retirement Benefits	<p><b>Discuss</b> the types of Social Security benefits:</p> <ul style="list-style-type: none"><li>• Old-Age, Survivor, and Disability Insurance (OASDI)</li><li>• Monthly retirement</li></ul> <p><b>Ask</b> students to name the two types of Railroad Retirement Benefits (RRBs):</p> <ul style="list-style-type: none"><li>• Tier 1 (Social Security equivalent benefits)</li><li>• Tier 2 (treated as a qualified employee plan)</li></ul> <p><b>Show</b> Forms SSA-1099 and RRB-1099 to illustrate how benefits are reported to taxpayers</p> <p><b>Review</b> TaxSlayer screen entries</p>	<p><b>Visuals:</b></p> <p><a href="#">Form SSA-1099, Social Security Benefit Statement</a></p> <p><a href="#">Form RRB-1099, Payments by the Railroad Retirement Board (blue form)</a></p> <p>Pub 4012, Income tab:</p> <ul style="list-style-type: none"><li>• <a href="#">Form SSA-1099 Distributions</a></li><li>• <a href="#">Form RRB-1099-R Distributions</a></li></ul> <p><a href="#">Pub 17</a>, Chapter 11, Social Security and Equivalent Railroad Retirement Benefits</p> <p><b>TaxSlayer Demo:</b></p> <ul style="list-style-type: none"><li>• Show Social Security Form 1099-SSA</li><li>• Show Form RRB-1099-R Distributions</li></ul>
Finding the Taxable Portion	<p><b>Discuss</b> when Social Security benefits are taxable; provide examples.</p> <p><b>Walk through</b> the steps in the Social Security Benefits Worksheet.</p>	<p><b>Visuals:</b></p> <p><a href="#">Form 1040 Instructions</a>, Social Security Benefits Worksheet</p>
Lump-Sum Benefit Payments	<p><b>Explain</b> that the lump-sum election method is in scope this year.</p> <p><b>Discuss</b> the two options for reporting lump-sum benefit payments:</p> <ul style="list-style-type: none"><li>• Reporting the entire payment in the year it was received</li><li>• Treating the benefits as received in the earlier year or years if it lowers the taxable portion of the benefits</li></ul>	<p><b>Internet:</b></p> <p><a href="#">Form SSA-1099, Social Security Benefit Statement</a></p> <p><a href="#">Form RRB-1099, Payments by the Railroad Retirement Board (blue form)</a></p> <p><a href="#">Pub 915</a>, Social Security Benefits and Equivalent Railroad Retirement Benefits</p>

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Summary

**Review** the lesson summary.

**Visuals:**

**Remind** students that generally Social Security benefits are not taxable when the benefits are the taxpayer’s only source of income. (Note the exception for Married Filing Separately.)

[Form 1040 Instructions](#), Social Security Benefits Worksheet

L&LT Income – Social Security Benefits: Click Certification Warm Up icon to review the exercises

**Ask:** How is the taxable portion of benefit payments calculated?

**Answer:** The Social Security Benefits Worksheet found in the Form 1040 Instructions is completed by the software

**Review** how to handle lump-sum benefit payments.

References

Form 1040	<a href="#">Form 1040</a>
Form 13614-C	<a href="#">Form 13614-C</a> , Intake/Interview & Quality Review Sheet, Page 2, Part III
Pub 4012	Pub 4012, Volunteer Resource Guide, Income tab <a href="#">Form SSA-1099 Distributions</a> <a href="#">Form RRB-1099-R Distributions</a>
Pub 17	<a href="#">Pub 17</a> , Chapter 11, Social Security and Equivalent Railroad Retirement Benefits

Optional

Pub 575	<a href="#">Pub 575</a> , Pension and Annuity Income
Pub 915	<a href="#">Pub 915</a> , Social Security Benefits and Equivalent Railroad Retirement Benefits
Form RRB-1099	<a href="#">Form RRB-1099</a> , Payments by the Railroad Retirement Board
Form RRB-1099-R	Form RRB-1099-R, Annuities or Pensions by the Railroad Retirement Board
Form SSA-1099	<a href="#">Form SSA-1099</a> , Social Security Benefit Statement

## Recommended Classroom Activities



**Skills Workout**



**Certification Warm Up**



**Media: Videos & Audio**



**TaxSlayer Tutorial**



**Job Aids**



**Practice Lab**



### Skills Workout: Link & Learn Taxes Income – Social Security Benefits

Click Skills Workout as a new way to access Link & Learn Taxes Income – Social Security Benefits.



### Certification Warm Up – Exercises

Click Certification Warm Up as a new way to access the exercises in Link & Learn Taxes Income – Social Security Benefits.



### YouTube video:

There is no media associated with this topic.



### TaxSlayer Tips and Resources for Lesson

TaxSlayer Training Video [Entering Basic Income, Part 2](#)

Practice Lab Tutorial

From the [Practice Lab](#):

1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager).
2. Sign in to Practice Lab or create an account.
3. Select the appropriate tutorial.



### Job Aids

#### ITA and FAQs for Lesson

Interactive Tax Assistant

Are My Social Security or Railroad Retirement Tier I Benefits Taxable?  
<https://www.irs.gov/help/ita/are-my-social-security-or-railroad-retirement-tier-i-benefits-taxable>

Tax Map

Social Security and Railroad Retirement Benefits  
[https://taxmap.irs.gov/taxmap/ts0/socialsecuritybene\\_o\\_07010e9b.htm](https://taxmap.irs.gov/taxmap/ts0/socialsecuritybene_o_07010e9b.htm)

FAQs

Social Security Income

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<https://www.irs.gov/faqs/social-security-income>

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Tax Topics

Topic 423 – Social Security and Equivalent Railroad Retirement Benefits  
<http://www.irs.gov/taxtopics/tc423.html>



Practice Lab

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Practice Lab

<https://vita.taxslayerpro.com/IRSTraining>