

Making the Most of your Social Security: Donald Dirren Explains How to Pay Fewer Taxes

Financial Advisor Donald Dirren Explains How to Hang on to More of Your Social Security

PHOENIX, AZ, UNITED STATES, November 9, 2020 /EINPresswire.com/ -- If you depend on Social Security for part or all of your income, it's important that you know how to manage your money so that you keep your tax rate as low as possible. [Financial advisor Donald Dirren](#) explains how to legally minimize the taxes you pay on your Social Security. While it is hard to pay no taxes on Social Security, it is possible to make smart financial moves that may lower the amount you have to pay.

First, it's important to know whether your Social Security income is taxable. In order for the government to tax your Social Security income, the sum of your nontaxable interest, adjusted gross income, and half of your Social Security income must exceed \$25,000 if you're single, or \$32,000 if you're married, [according to Donald Dirren](#).

For income levels between \$25,000 and \$34,000. Those who exceed these limits will owe taxes on 85% of their Social Security benefit, according to Donald Dirren. Knowing your bracket can help you decide whether it makes sense to work a job after retirement. Donald Dirren says that it's key to manage your other sources of income to stay in the bracket that makes the most sense for you.

Donald Dirren also recommends getting familiar with the tax laws in your state, especially if you're considering moving to a new state to enjoy your retirement. Most states don't tax Social Security income, but New Mexico, North Dakota, Rhode Island, Utah, Vermont, West Virginia, Colorado, Connecticut, Kansas, Minnesota, Missouri, Montana, and Nebraska. [Donald Dirren recommends](#) crossing these states off of your potential retirement list if you're working to pay fewer taxes on your Social Security income.

Prefer to take care of your taxes ahead of time, giving you less to worry about when you file? Donald Dirren recommends setting up Social Security tax withholding. People who receive Social Security can choose to have 7, 10, 12, or 22 percent of their income set aside for taxes. It's key to note that you cannot choose other percentages to have withheld, and that you cannot choose a flat dollar amount. Even with these restrictions in place, Donald Dirren says that many people find having a certain amount withheld in advance is easier than paying quarterly taxes on

Social Security income.

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