

The One Big Beautiful Bill Delivers On President Trump's Promise Of No Tax On Social Security

The Council of Economic Advisers

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Overview

- The One Big Beautiful Bill (OBBB) delivers on President Trump’s promise of No Tax on Social Security.
- The bill includes the largest tax break in American history for our nation’s seniors:
 - 88% of seniors receiving Social Security benefits will pay no tax on their benefits under the OBBB as a result of their total deductions exceeding their taxable Social Security benefits.
- The deductions ensure that seniors who earned their Social Security through years of hard work get more money back in their pockets.

No Tax on Social Security: Senate Draft Bill

The One Big Beautiful Bill provides a new bonus deduction of \$6,000 for seniors age 65 and older (\$12,000 for married seniors) beginning in 2025. This amounts to the largest tax break in American history for our nation’s seniors. The new deduction is on top of the standard deduction and the current-law additional deduction for seniors. The bill also increases and permanently extends the standard deduction and many other features of the 2017 Tax Cuts and Jobs Act that were otherwise scheduled to expire after this year, resulting in significant ongoing savings for most taxpayers.

Under the One Big Beautiful Bill, 51.4 million seniors – 88% of all seniors receiving Social Security income – will pay no tax on their Social Security.

	Millions of Beneficiaries	Percent of Beneficiaries
Seniors aged 65 and over receiving Social Security income	58.5	100%
Seniors with exemptions & deductions exceeding taxable Social Security income*		
... under current law	37.2	64%
... under OBBB	51.4	88%

*Includes seniors who receive Social Security income but have no such income in their AGI.

Note: Calculations are for tax year 2026 and correspond to the version of the Senate OBBB text published on June 16, 2025. In that version, the standard deduction for 2026 was \$16,000. In the version published June 28, 2025, the 2026 standard deduction will be based on an inflation-indexed value that exceeds \$16,000.

Source: U.S. Treasury, June 24, 2025.



Below, multiple scenarios are considered that are representative of the benefits of the OBBB to seniors receiving Social Security income.

First, consider the case of a senior filing as a single taxpayer receiving the current average retirement benefit of approximately \$24,000 (per Social Security Administration data). The maximum amount of Social Security included in taxable income is 85% of the benefit, which would be \$20,400 in this case.

Under the OBBB, in 2025 this senior would be entitled to \$23,750 in deductions – the \$15,750 standard deduction, the \$2,000 current-law additional deduction, and the \$6,000 new OBBB senior deduction – meaning that the OBBB would lead to deductions that exceed the senior’s taxable Social Security income.

Deductions for Seniors under the One Big Beautiful Bill

Single Senior		Married Seniors	
New senior deduction (single)	\$6,000	New senior deduction (couple)	\$12,000
Standard deduction	\$15,750	Standard deduction	\$31,500
Existing senior deduction	\$2,000	Existing senior deduction	\$3,200
Total	\$23,750	Total	\$46,700

Second, consider a married couple of seniors both receiving the average \$24,000 Social Security income. The couple will have a total of \$48,000 in annual income, of which at most 85% is taxable (\$40,800). Under the OBBB, this couple would be entitled to deductions that exceed their taxable Social Security income.

Seniors often have sources of income beyond just Social Security income. To further illustrate the benefits of the OBBB for seniors, two more scenarios are outlined below.¹

Consider a single senior receiving \$40,000 in Social Security income and another \$40,000 in income from an individual retirement account or a 401(k). Calculations by the Treasury Department show that, under current law, in 2026 this senior would be expected to owe \$7,190 in taxes, whereas under the OBBB, this senior would owe only \$5,685 – a reduction of over \$1,500. Approximately \$900 of this reduction is due to the new senior deduction alone.

Finally, consider a married senior couple receiving \$40,000 in Social Security income and another \$40,000 in income from an individual retirement account or a 401(k). Calculations by the Treasury Department show that, under current law, in 2026 this couple would be expected to owe \$3,150 in taxes, whereas under the OBBB, they would owe only \$1,110 – a reduction of over \$2,000. Approximately \$1,200 of this reduction is due to the new senior deductions claimed by the couple.

¹ All successive estimates again correspond to the Senate bill as written on June 16, 2025.



The new \$6,000 senior deduction is estimated to benefit 33.9 million seniors, including seniors not claiming Social Security. The deduction yields an average increase in after-tax income of \$670 per senior who benefits from it. It is subject to a phase out at a 6% rate for single taxpayers with income over \$75,000 and for married filers with income over \$150,000. This means that, for every \$1,000 in additional income over \$75,000 for singles (or \$150,000 for married seniors filing jointly), the deduction will decline by \$60, reaching a deduction of \$0 at \$175,000 of income for single seniors (or \$250,000 for married seniors filing jointly).