



# 2009 Instructions for Schedule R (Form 1040A or 1040)

## Credit for the Elderly or the Disabled

Use Schedule R (Form 1040A or 1040) to figure the credit for the elderly or the disabled.

**Additional information.** See Pub. 524 for more details.

### What's New

**Form 1040A.** Form 1040A filers will now file Schedule R to claim this credit. Schedule 3 (Form 1040A) is now obsolete. For any prior year returns (before 2009) that need to be filed, still use Schedule 3.

### Who Can Take the Credit

The credit is based on your filing status, age, and income. If you are married filing a joint return, it is also based on your spouse's age and income. You may be able to take this credit if either of the following applies.

1. You were age 65 or older at the end of 2009, or
2. You were under age 65 at the end of 2009 and you meet all of the following.
  - a. You were permanently and totally disabled on the date you retired. If you retired before 1977, you must have been permanently and totally disabled on January 1, 1976, or January 1, 1977.
  - b. You received taxable disability income for 2009.
  - c. On January 1, 2009, you had not reached mandatory retirement age (the age when your employer's retirement program would have required you to retire).

For the definition of permanent and total disability, see *What Is Permanent and Total Disability?* on this page. Also, see the instructions for Part II on page R-2.

### Married Persons Filing Separate Returns

If your filing status is married filing separately and you lived with your spouse at any time during 2009, you cannot take the credit.

### Nonresident Aliens

If you were a nonresident alien at any time during 2009, you may be able to take the credit only if your filing status is married filing jointly.

### Income Limits

See the chart on the top of page R-2.

### Want the IRS To Figure Your Credit?

If you can take the credit and you want us to figure it for you, check the box in Part I of Schedule R for your filing status and age. Fill in Part II and lines 11 and 13 of Part III if they apply to you. If you file Form 1040A, enter "CFE" in the space to the left of Form 1040A, line 30. If you file Form 1040, check box **c** on Form 1040, line 53, and enter "CFE" on the line next to that box. Attach Schedule R to your return.

### What Is Permanent and Total Disability?

A person is permanently and totally disabled if both 1 and 2 below apply.

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
2. A physician determines that the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Examples 1 and 2 below show situations in which the individuals are considered engaged in a substantial gainful activity. Example 3 shows a person who might not be considered engaged in a substantial gainful activity. In each example, the person was under age 65 at the end of the year.

**Example 1.** Sue retired on disability as a sales clerk. She now works as a full-time babysitter at the minimum wage. Although she does different work, Sue babysits on ordinary terms for the minimum wage. She cannot take the credit because she is engaged in a substantial gainful activity.

**Example 2.** Mary, the president of XYZ Corporation, retired on disability because of her terminal illness. On her doctor's advice, she works part time as a manager and is paid more than the minimum wage. Her employer sets her days and hours. Although Mary's illness is terminal and she works part time, the work is done at her employer's convenience. Mary is considered engaged in a substantial gainful activity and cannot take the credit.

**Example 3.** John, who retired on disability, took a job with a former employer on a trial basis. The purpose of the job was to see if John could do the work. The trial period lasted for some time during which John was paid at a rate equal to the minimum wage. But because of John's disability, he was given only light duties of a nonproductive, make-work nature. Unless the activity is both substantial and gainful, John is not engaged in a substantial gainful activity. The activity was gainful because John was paid at a rate at or above the minimum wage. However, the activity was not substantial because the duties were of a nonproductive, make-work nature. More facts are needed to determine if John is able to engage in a substantial gainful activity.

## Income Limits for the Credit for the Elderly or the Disabled

IF you are . . .	THEN you generally cannot take the credit if:	
	The amount on Form 1040A, line 22, or Form 1040, line 38, is . . .	Or you received . . .
Single, head of household, or qualifying widow(er)	\$17,500 or more	\$5,000 or more of nontaxable social security or other nontaxable pensions, annuities, or disability income
Married filing jointly and only one spouse is eligible for the credit	\$20,000 or more	\$5,000 or more of nontaxable social security or other nontaxable pensions, annuities, or disability income
Married filing jointly and both spouses are eligible for the credit	\$25,000 or more	\$7,500 or more of nontaxable social security or other nontaxable pensions, annuities, or disability income
Married filing separately and you lived apart from your spouse for all of 2009	\$12,500 or more	\$3,750 or more of nontaxable social security or other nontaxable pensions, annuities, or disability income

### Disability Income

Generally, disability income is the total amount you were paid under your employer's accident and health plan or pension plan that is included in your income as wages or payments instead of wages for the time you were absent from work because of permanent and total disability. However, any payment you received from a plan that does not provide for disability retirement is not disability income.

In figuring the credit, disability income does not include any amount you received from your employer's pension plan after you have reached mandatory retirement age.

For more details on disability income, see Pub. 525.

## Part II. Statement of Permanent and Total Disability

If you checked box 2, 4, 5, 6, or 9 in Part I and you did not file a physician's statement for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed on line A of the statement, you must have your physician complete a statement certifying that:

- You were permanently and totally disabled on the date you retired, or
- If you retired before 1977, you were permanently and totally disabled on January 1, 1976, or January 1, 1977.

You do not have to file this statement with your tax return. But you must keep it for your records. You can use the physician's statement on page R-4 for this purpose. Your physician should show on the statement if the disability has lasted or can be expected to last continuously for at least a year, or if there is no reasonable probability that the disabled condition will ever improve. If you file a joint return and you checked box 5 in Part I, you and your spouse must each get a statement.

If you filed a physician's statement for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed on line B of the statement, you do not have to get another statement for 2009. But you must check the box on line 2 in Part II to certify all three of the following.

1. You filed or got a physician's statement in an earlier year.
2. You were permanently and totally disabled during 2009.
3. You were unable to engage in any substantial gainful activity during 2009 because of your physical or mental condition.

If you checked box 4, 5, or 6 in Part I, enter in the space above the box on line 2 in Part II the first name(s) of the spouse(s) for whom the box is checked.

If the Department of Veterans Affairs (VA) certifies that you are permanently and totally disabled, you can use VA Form 21-0172 instead of the physician's statement. VA Form 21-0172 must be signed by a person authorized by the VA to do so. You can get this form from your local VA regional office.

## Part III. Figure Your Credit

### Line 11

If you checked box 2, 4, 5, 6, or 9 in Part I, use the following chart to complete line 11.

IF you checked . . .	THEN enter on line 11 . . .
Box 6	The total of \$5,000 plus the disability income you reported on Form 1040A or 1040 for the spouse who was under age 65.
Box 2, 4, or 9	The total amount of disability income you reported on Form 1040A or 1040.
Box 5	The total amount of disability income you reported on Form 1040A or 1040 for both you and your spouse.

**Example 1.** Bill, age 63, retired on permanent and total disability in 2009. He received \$4,000 of taxable disability income that he reports on Form 1040, line 7. He is filing jointly with his wife who was age 67 in 2009, and he checked box 6 in Part I. On line 11, Bill enters \$9,000 (\$5,000 plus the \$4,000 of disability income he reports on Form 1040, line 7).

**Example 2.** John checked box 2 in Part I and enters \$5,000 on line 10. He received \$3,000 of taxable disability income, which he enters on line 11. John also enters \$3,000 on line 12 (the smaller of line 10 or line 11). The largest amount he can use to figure the credit is \$3,000.

## Lines 13a Through 18

The amount on which you figure your credit can be reduced if you received certain types of nontaxable pensions, annuities, or disability income. The amount can also be reduced if your adjusted gross income is over a certain amount, depending on which box you checked in Part I.

**Line 13a.** Enter any social security benefits (before deduction of Medicare premiums) you (and your spouse if filing a joint return) received for 2009 that are not taxable. Also, enter any tier 1 railroad retirement benefits treated as social security that are not taxable.

If any of your social security or equivalent railroad retirement benefits are taxable, the amount to enter on this line is generally the difference between the amounts entered on Form 1040A, line 14a and line 14b, or Form 1040, line 20a and line 20b.



*If your social security or equivalent railroad retirement benefits are reduced because of workers' compensation benefits, treat the workers' compensation benefits as social security benefits when completing Schedule R,*

*line 13a.*

**Line 13b.** Enter the total of the following types of income that you (and your spouse if filing a joint return) received for 2009.

- Veterans' pensions (but not military disability pensions).
- Any other pension, annuity, or disability benefit that is excluded from income under any provision of federal law other than the Internal Revenue Code. Do not include amounts that are treated as a return of your cost of a pension or annuity.

Do not include on line 13b any pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country, or in the National Oceanic and Atmospheric Administration or the Public Health Service. Also, do not include a disability annuity payable under section 808 of the Foreign Service Act of 1980.

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# Instructions for Physician's Statement

## Taxpayer

If you retired after 1976, enter the date you retired in the space provided on the statement below.

## Physician

A person is permanently and totally disabled if both of the following apply.

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
2. A physician determines that the disability has lasted or can be expected to last continuously for at least a year or can lead to death.

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## Physician's Statement

*Keep for Your Records*

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I certify that \_\_\_\_\_  
Name of disabled person

was permanently and totally disabled on January 1, 1976, or January 1, 1977, or was permanently and totally disabled on the date he or she retired. If retired after 1976, enter the date retired. ► \_\_\_\_\_

**Physician:** Sign your name on either line A or B below.

A The disability has lasted or can be expected to last continuously for at least a year . . . . .

\_\_\_\_\_  
Physician's signature

\_\_\_\_\_  
Date

B There is no reasonable probability that the disabled condition will ever improve . . . . .

\_\_\_\_\_  
Physician's signature

\_\_\_\_\_  
Date

Physician's name

Physician's address

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