INSURED AMERICAN & FAMILY

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IRMAA, Medicare's Tax on Higher Earners

What triggers it, what it costs, and how to fight it

$1 over the threshold = surcharges for the year. Plan around it.

WHAT IT IS

IRMAA (Income-Related Monthly Adjustment Amount) is a surcharge added to your Medicare Part B and Part D premiums when your modified adjusted gross income (MAGI) exceeds certain thresholds. Medicare uses a two-year lookback, your 2026 IRMAA is based on your 2024 MAGI. The surcharges are tiered, but each tier is a CLIFF: $1 over the threshold triggers the full surcharge for that bracket. Same brackets apply to both Part B and Part D.

WHO IT HITS (2026)

Single filer > $109K MAGI
Triggers the first IRMAA tier

Joint filer > $218K MAGI
Same dollar amount, doubled

Five-tier sliding scale
Top tier: $500K single / $750K joint

Same brackets B and D
Both surcharges hit at the same income point

Updates annually
Inflation-adjusted; pin the current year

2026 NUMBERS YOU NEED

Base Part B premium
$202.90/mo (no IRMAA)

Part B with IRMAA
$284.10 to $689.90/mo across five tiers

Part D base premium
Varies by plan; ~$34.50/mo average

Part D IRMAA surcharge
+$14.50 to +$91.00/mo on top of plan premium

MAGI lookback
2 years, your 2026 IRMAA = your 2024 tax return

THE 3 THINGS PEOPLE GET WRONG

1. **"IRMAA is based on my current income."**
   No, Medicare uses your tax return from TWO YEARS ago. Your 2026 IRMAA = your 2024 MAGI. This catches a lot of new retirees who had a big income year right before retiring. They end up paying surcharges based on working-year income while now living on a reduced retirement income.

2. **"IRMAA is small, just a few dollars a month."**
   Not at the top tier. A couple at the top bracket pays roughly $480/mo more in Part B IRMAA EACH, plus up to $91/mo in Part D IRMAA each. That's over $13,000/year in IRMAA surcharges between them, on top of base premiums.

3. **"There's no way to fight IRMAA, it's locked in."**
   Not always. If you had a qualifying "life-changing event", retirement, marriage, divorce, death of a spouse, work-hour reduction, loss of pension income, file Form SSA-44 with Social Security. An approved appeal retroactively adjusts your IRMAA to reflect your CURRENT income, not the two-year-old number.

WHEN TO PLAN AHEAD, THE 2-YEAR WINDOW

The 2-year lookback means today's income decisions affect IRMAA two years from now. Strategies that can lower future IRMAA: Roth conversions BEFORE Medicare enrollment, capital gains harvesting in low-income years, tax-loss harvesting, charitable giving via qualified charitable distributions (QCDs) from IRAs (these don't count toward MAGI), delaying Social Security to keep MAGI down. Talk to a tax pro for your specific situation, but the planning window is two years out, not when you enroll.

Hit by IRMAA or want to plan ahead? Call or text Craig, I'll walk you through SSA-44 appeals and the 2-year planning moves.

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