Medicare Pitfalls: Understanding IRMAA- How Income Can Impact Your Medicare Premiums

WEBINAR HANDOUT

- **IRMAA (Income-Related Monthly Adjustment Amount) Summary**
    - Applies to premiums for Medicare Part B and Part D
    - Standard premium payment for Part B is only 25% of the total premium cost
    - IRMAA has higher earners pay a larger share of the total premium cost
    - Premium assessment occurs annually based on MAGI from 2 years prior
    - Married couples- assessment applies to each spouse

- **Examples of Reasons for Premium Increase** (not an all-inclusive list)
    - Higher income earner- See Chart in Next Section
    - Sale of property
    - Retirement account withdrawals

- **IRMAA Premium Adjustments Table (2026 Information)**

2026 Premiums Based on 2024 Income (MAGI)				
Single Filer	**Joint Filer**	**Married but Separate Filer**	**Part B Premium**	**Part D Premium**
Up to $109,000	Up to $218,000	Up to $109,000	$202.90	plan premium
$109,001 to $137,000	$218,001 to $274,000	n/a	$284.10	add $14.50
$137,001 to $171,000	$274,001 to $342,000	n/a	$405.80	add $37.50
$171,001 to $205,000	$342,001 to $410,000	n/a	$527.50	add $60.40
$205,001 to $499,999	$410,001 to $749,999	$109,001 to $390,999	$649.20	add $83.30
$500,000 plus	$750,000 plus	$391,000 plus	$689.90	add $91.00

- **IRMAA Timing**
    - 2-year delay for application of premium increase
        - Example: for SSA to calculate premium assessment for 2026, the most recent tax information it has is 2024; the assessment is effective January 2026
    - Assessment applies for 12 months
        - Example: Assessment based on 2024 tax information applies January 2026 through December 2026
- **Appealing the Increase**
    - When situation changes between MAGI year and current year when premium increase assessed
    - Qualifying Events
        - Death of spouse
        - Marriage
        - Divorce or Annulment
        - Work Stoppage
        - Work Reduction
        - Loss of Income-Producing Property
        - Loss of Pension Income

        - Employer Settlement Payment
    - Form SSA-44 for qualifying event
    - Form SSA-561 for non-qualifying event ad IRMAA causes financial hardship
- **Avoiding IRMAA**
    - Remember 2-year look back to time large transactions prior to that
        - Sale of Assets
        - Roth Conversions
        - Mandatory Withdrawals from Retirement Accounts
    - Delay enrollment in Medicare if working and employer's plan provides creditable coverage (remember enrollment deadlines when coverage ends)
- **Pre-Retirement Checklist**
    - Do you have creditable employer coverage?
    - Do you plan to remain on that coverage?
    - Timeframe since you sold or transferred assets (in or out of the 2-year look back)?
    - Are you stopping or reducing work within the 2-year look back? (creates qualifying event if new MAGI reduces to lower income tier)