

What Is IRMAA?



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What is IRMAA?

Medicare's Income Related Monthly Adjustment Amount

A surcharge upon the current year's Medicare Part B and Part D premium for those who earn too much taxable income.

Source: <https://secure.ssa.gov/apps10/poms.nsf/lnx/0601100000>

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How Was IRMAA Created?

Medicare Modernization Act - 2003

“In the case of an individual whose modified adjusted gross income exceeds the threshold the monthly premium shall be increased”.

Source: Congress Medicare Modernization Act of 2003

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Simplest IRMAA Definition

I Keep Hearing About IRMAA, What is IRMAA?

If a retiree makes too much taxable income going into retirement according to the Social Security Administration & the IRS which is the Federal Government...

The retiree risks losing the majority of their SS Net Benefit in their mid 70's to early 80's in retirement when they need their SS Benefit the most.....

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Who Does IRMAA Impact?

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Who Does IRMAA Impact?

Anyone who is 65 years of age and no longer covered by creditable health coverage through an employer or spouse's employer

AND who has **Modified Adjusted Gross Income** (MAGI), above the threshold for their tax filing status.

Source: <https://secure.ssa.gov/poms.nsf/lnx/0601101030>

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Who Does IRMAA Impact?

	Those in IRMAA	What they will pay
2022	5.3 Million	\$16.1 Billion
2023	6.8 Million	\$20.6 Billion
2024	7.6 Million	\$23.4 Billion
2025	8.3 Million	\$27.4 Billion
2026	9.1 Million	\$32.3 Billion
2027	9.9 Million	\$37.8 Billion
2028	10.8 Million	\$43.3 Billion
2029	11.7 Million	\$49.8 Billion
2030	12.6 Million	\$56.4 Billion
2031	13.5 Million	\$63.8 Billion

Source: 2025 Medicare Board of Trustees
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Who Does IRMAA Impact?

According to the 2022 Medicare Board Of Trustees Report, from 2022 to 2031, an estimated \$355 Billion Dollars will be collected from IRMAA Surcharges going into the General Account of the Federal Government.

Source 2022 Medicare Board of Trustees
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What Are the 2026 IRMAA Thresholds?

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Current Medicare IRMAA Thresholds (2026)

Individual MAGI	Part B	Part D
< \$109,000	\$202.90	Premium (varies)
\$109,000 to \$137,000	\$284.10	\$14.50
\$137,000 to \$171,000	\$405.80	\$37.50
\$171,000 to \$205,000	\$527.50	\$60.40
\$205,000 to \$500,000	\$649.20	\$83.30
> \$500,000	\$689.90	\$91.00

Source: Medicare.gov

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Current Medicare IRMAA Thresholds (2026)

Couples MAGI	Part B	Part D
< \$218,000	\$202.90	Premium (varies)
\$218,000 to \$274,000	\$284.00	\$14.50
\$274,000 to \$342,000	\$405.80	\$37.50
\$342,000 to \$410,000	\$527.50	\$60.40
\$410,000 to \$750,000	\$649.20	\$83.30
> \$750,000	\$689.90	\$91.00

Source: Medicare.gov

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Current Medicare IRMAA Thresholds (2026)

Married Filing Separately	Part B	Part D
< \$109,000	\$202.90	Premium Varies
\$109,000 to \$391,000	\$649.20	\$78.60
> \$391,000	\$689.90	\$85.80

Source: Medicare.gov

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How Are IRMAA Brackets Determined?

According to the Medicare Modernization Act of 2003 (Pg 303).

“Inflation Adjustment - **percentage** (if any) by which the average of the Consumer Price Index for urban consumers (**CPI-U**) for the **12-month period ending with August** of the **preceding year exceeds** such **average** for the 12-month period ending with August of the **current year**”.

Source: <https://www.congress.gov/108/plaws/publ173/PLAW-108publ173.pdf>

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What is IRMAA Income?

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According to POMS

IRMAA income is defined as:

Modified **A**djusted **G**ross **I**ncome
(MAGI)



Source: <https://secure.ssa.gov/apps10/poms.nsf/lx/0601101010>

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Examples of Income

Wages	Traditional 401(k)	Pension Income	Traditional IRAs
Rental Income	Traditional 403(b)	Capital Gains	Traditional 457
Dividends (including muni's)	Traditional SEP-IRA	Taxable Social Security	Tax-Deferred Annuities

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What is Not Considered to be IRMAA Income

Roth Accounts (Employer and Individual)

Certain Life Insurance Policies

Specific Annuities

401(h) Plans

Health Savings Accounts (HSAs)

Home Equity

According to SSA Code of Federal Regulations

Modified Adjusted Gross Income is:

“Based on tax information **you provide to the IRS** when you file your Federal income tax return”

Source: https://www.ssa.gov/OP_Home/cf20/418/418-0000.htm
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IRMAA Projections

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IRMAA Projections

Sources include information from:

- Medicare Board of Trustees Annual Report(s)
- Legislation from through Congressional action
 - Centers for Medicare Services

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Medicare Board of Trustees Report (2025)

Medicare Part B 2026 - 2033

Part B Premium: \$202.90 a month (2026)

Projected rate of inflation: 9.6% from 2025

- IRMAA Part B Medicare Surcharges will inflate by 9.6% in 2026

Source: Medicare Board of Trustees Report
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Medicare Board of Trustees Report (2025)

Part B: Premium Projections

Year	Part B Premium
2025	\$185.00
2026	\$202.90
2027	\$218.60
2028	\$231.30
2029	\$247.40
2030	\$264.70
2031	\$281.60
2032	\$300.80
2033	\$325.90

Source: 2025 Medicare Board of Trustees Report

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Part D – Drug Coverage

Cost in 2026

Average total cost on a national avg:
\$103 per month

Source: Medicare.gov / CMS.gov
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Part D – Cost Projections

Legislation from Congress

- Inflation Reduction Act
 - 2024-2029
 - Page 73

The base beneficiary premium for a month in 2024 shall be equal to the lesser of—“the base beneficiary premium **increased by 6 percent**; or the base beneficiary premium had this legislation not been enacted”.

Source: <https://www.congress.gov/bills/118th-congress/house-bill/812?q=%7B%22search%22%3A%22inflation+reduction+act%22%7D&s=1&r=2>
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Part D – IRMAA Projections

Medicare Board of Trustees

Reporting IRMAA-D will increase by

8.81%

2025-2033

Source: CMS.gov
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What are the costs of Medicare in 2026?

Part A	Subsidized premium
Part B (9.6% Increase)	\$202.90
Part B Deductible	\$283.00*
Part D (6.00%)	\$91.76 includes Deductible
Avg. Annual Cost	\$2,435 per person (2026)
Cost per couple	\$4,869 per couple (2026)

Sources: Medicare.gov, IRMAA Certified Planners
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Example: 55-Year-Old Healthy Couple

- National Avg.
- Retires at age **67**.
- Earns under the Medicare average.
- Wants to plan until age **90**.
- Just Part B & D premiums

CAN EXPECT TO INCUR
ROUGHLY
\$690,382

in health costs throughout
retirement.

Includes costs associated with Medicare Parts A, B, and D

Source: IRMAA Certified Planner

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Example: 55-Year-Old Healthy Couple

- National Avg.
- Retires at age **67**.
- **1st IRMAA Threshold.**
- Wants to plan until age **90**.
- Part B & D premiums / IRMAA

CAN EXPECT TO INCUR
ROUGHLY

\$920,912

in health costs throughout
retirement.

Includes costs associated with Medicare Parts A, B, and D

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Example: 55-Year-Old Healthy Couple

- National Avg.
- Retires at age **67**.
- **2nd IRMAA Threshold.**
- Wants to plan until age **90**.
- Part B & D premiums / IRMAA

CAN EXPECT TO INCUR
ROUGHLY

\$1,252,927

in health costs throughout
retirement.

Includes costs associated with Medicare Parts A, B, and D

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Example: 55-Year-Old Healthy Couple

- National Avg.
- Retires at age **67**.
- **3rd IRMAA Threshold.**
- Wants to plan until age **90**.
- Part B & D premiums / IRMAA

CAN EXPECT TO INCUR
ROUGHLY

\$1,584,941

in health costs throughout
retirement.

Includes costs associated with Medicare Parts A, B, and D

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Example: 55-Year-Old Healthy Couple

- National Avg.
- Retires at age **67**.
- **4th IRMAA Threshold.**
- Wants to plan until age **90**.
- Part B & D premiums / IRMAA

CAN EXPECT TO INCUR
ROUGHLY

\$1,916,955

in health costs throughout
retirement.

Includes costs associated with Medicare Parts A, B, and D

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Example: 55-Year-Old Healthy Couple

- National Avg.
- Retires at age **67**.
- **5th IRMAA Threshold.**
- Wants to plan until age **90**.
- Part B & D premiums / IRMAA

CAN EXPECT TO INCUR
ROUGHLY

\$2,027,678

in health costs throughout
retirement.

Includes costs associated with Medicare Parts A, B, and D

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Impact on Social Security

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Social Security

“A federal benefits program designed to provide partial replacement income for older workers, their spouses, those whose spouse or qualifying ex-spouse have died, and the disabled”.

Source: Social Security Administration

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2026 Social Security Benefits

- \$2,071.00 – Avg Monthly Retiree Primary benefit
 - \$1,035.50 – Avg Monthly Spousal Benefit
 - \$4,207.00 – Maximum Monthly FRA Benefit in 2026

Calculate benefit at Social Security Quick Calculator

<https://www.ssa.gov/OACT/quickcalc/index.html>

Source: https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/

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Cost of Living Adjustment (COLA)

Increases to Social Security benefits to help offset the rate of inflation.

Typically based off the consumer price index for urban wage earners and clerical workers (CPI-W)

Source: Social Security.gov

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Projected Maximum COLA

2022 actual	5.90%
2023 actual	8.70%
2024 actual	3.20%
2025 actual	2.50%
2026 actual	2.80%
2027 Projected	2.40%
2028 and later	2.40%

Source: 2023 Social Security Board of Trustees Report

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Taxation of Social Security Benefits

Individual	Possible tax	Joint	Possible Tax
\$25k - \$34k	50%	\$32k - \$44k	50%
> \$34k	85%	> \$44k	85%

Source: Social Security.gov

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How Social Security Benefits Are Taxed

Adjusted gross income
+ Nontaxable interest
+ ½ of Social Security benefit
= Combined income

Source: Social Security.gov

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Social Security

According to Social Security's Program Operation Manual system (POMs):

To collect Social Security benefits, you must enroll into Medicare when eligible.

Failure to enroll leads to automatic forfeiture of all Social Security benefits.

US Federal Court of Appeals Hall vs Sebelius No. 11-5076 / <https://secure.ssa.gov/apps10/poms.nsf/lnx/0300201001>
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Paying for Medicare

Social Security benefits automatically pay for the bulk of Medicare premiums.

Programs Operations Manual System of SS
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Hold Harmless Act (1988)

No retiree who is enrolled in Medicare and Social Security can have their Social Security benefit decreased due to Medicare Part B increases

*****Retiree must be under the IRMAA Income Bracket Limit (2009)*****

https://www.ssa.gov/OACT/NOTES/pdf_notes/note147.pdf
<https://secure.ssa.gov/apps10/poms.nsf/lnx/0601001004>

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Social Security Projections

Inflationary Projections	
Social Security COLA	Part B Medicare Base Premiums
2.40%	7.8%-10%
	IRMAA
	7.8%-10%

Source: CMS.gov, Social Security.gov

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4 Possible Ways to Tax a Tax-Deferred Asset

Tax #1

Your RMD Withdrawals are taxed as Ordinary Income.

Tax #2

Any RMD withdrawal is added to $\frac{1}{2}$ of Social Security benefits to determine if your benefit will be taxed.

Any taxation of Social Security benefits will lessen that benefit.

4 Possible Ways to Tax a Tax-Deferred Asset

Tax #3

Your RMD Withdrawals and the taxable portion of your Social Security are added to determine IRMAA.

If there is too much taxable income, an IRMAA surcharge will be added to your Medicare premiums.

Tax #4

The bulk of Medicare premiums and any possible IRMAA surcharges are deducted from your Social Security Benefits.

This may reduce Social Security benefits even more.



Let's Run An IRMAA Stress Test

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