FINANCIAL EXPERTS NETWORK

IRMAA: What Financial Advisors Should Know About Medicare Premiums

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Today’s Presenter

- Lawrence Pon is a certified public accountant, personal financial specialist, certified financial planner, enrolled agent, United States Tax Court practitioner and accredited estate planner in Redwood Shores, CA
- Mr. Pon has been in practice since 1986 and a national professional tax speaker to tax professionals and financial planners
- Mr. Pon teaches Income Tax at College of San Mateo
- Mr. Pon received his BS in Business Administration from UC Berkeley and MS in Taxation from Golden Gate University in San Francisco

IRMAA:
What Financial Advisors Should Know About Medicare Premiums

- What is IRMAA
- Appealing IRMAA
- How to manage IRMAA

Medicare

- Part A coverage
  - Paid by FICA taxes
- Parts B and D
  - Determined by income level
- Part C
  - Private company
  - Medicare advantage

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Part A (Hospital Insurance) costs

Part A costs:	What you pay in 2026
Premium	**$0 for most people** (because they or a spouse paid Medicare taxes long enough while working – generally at least 10 years). If you get Medicare earlier than age 65, you won't pay a Part A premium. This is sometimes called "premium-free Part A." Do I qualify for premium-free Part A? **If you don't qualify for premium-free Part A:** You might be able to buy it. You'll pay either $311 or $565 each month for Part A, depending on how long you or your spouse worked and paid Medicare taxes. Remember: • You also have to sign up for Part B to buy Part A. Learn more about how Medicare works. • If you don't buy Part A when you're first eligible for Medicare (usually when you turn 65), you might pay a penalty. Find out more about how to avoid the Part A penalty.
Deductible	**$1,736** for each inpatient hospital benefit period, before Original Medicare starts to pay. There's no limit to the number of benefit periods you can have in a year. This means you may pay the deductible more than once in a year. How do benefit periods work?

Part A (Hospital Insurance)

Inpatient stay	• Days 1-60: $0 after you pay your Part A deductible. • Days 61-90: $434 each day. • Days 91-150: $868 each day while using your 60 lifetime reserve days. • After day 150: You pay all costs. What's not covered? ⓘ What will I pay if I get mental health services as an inpatient? ⓘ
Skilled nursing facility stay	• Days 1-20: $0. • Days 21-100: $217 each day. • Days 101 and beyond: You pay all costs.
Home health care	$0 for covered home health care services. 20% of the Medicare-approved amount for durable medical equipment (like wheelchairs, walkers, hospital beds, and other equipment)
Hospice care	$0 for covered hospice care services. You may also pay: • A copayment of up to $5 for each prescription drug and other similar products for pain relief and symptom control while you're at home. What if my hospice care doesn't pay for my drug? ⓘ • 5% of the Medicare-approved amount for inpatient respite care. What's not covered? ⓘ

Medicare Premiums

- 2026 Part B Premium = $202.90/mo.
  - $185/mo. for 2025
  - Apply to all beneficiaries
    - Whether opted for original Medicare or Medicare Advantage
      - IRMAA applies even if elect Medicare Advantage

Part B (Medical Insurance) costs

Part B costs:	What you pay in 2026:
Premium	**$202.90 each month** (or higher depending on your income). The amount can change each year. You'll pay the premium each month, even if you don't get any Part B-covered services. Who pays a higher Part B premium because of income? ⓘ You might pay a monthly penalty if you don't sign up for Part B when you're first eligible for Medicare (usually when you turn 65). You'll pay the penalty for as long as you have Part B. The penalty goes up the longer you wait to sign up. Find out how the Part B penalty works and how to avoid it.
Deductible	**$283 before Original Medicare starts to pay.** You pay this deductible once each year.
General costs for services (coinsurance)	Usually 20% of the cost for each Medicare-covered service or item after you've paid your deductible (and as long as your doctor or health care provider accepts the Medicare-approved amount as full payment – called "accepting assignment"). Find out how assignment affects what you pay.
Clinical laboratory services	$0 for covered clinical laboratory services.
Home health care	• $0 for covered home health care services. • 20% of the Medicare-approved amount for durable medical equipment (like wheelchairs, walkers, hospital beds, and other equipment). #

Part B (Medical Insurance)

Inpatient hospital care	20% of the Medicare-approved amount for most doctor services while you're a hospital inpatient.
Outpatient mental health care	• $0 for your yearly depression screening. • 20% of the Medicare-approved amount for visits to your doctor or other health care provider to diagnose or treat your condition. • If you get your services in a hospital outpatient clinic or hospital outpatient department, you may have to pay an additional amount to the hospital.
Partial hospitalization mental health care	After you meet the Part B deductible: • 20% of the Medicare-approved amount for each service you get from a doctor or certain other qualified mental health professional • Coinsurance for each day of partial hospitalization services you get in a hospital outpatient setting or community mental health center
Outpatient hospital care	• Usually 20% of the Medicare-approved amountfor doctor and other health care providers' services. • You'll also pay a copayment to the hospital for each service you get in a hospital outpatient setting (except for certain preventive services). In most cases, your copayment won't be more than the Part A hospital stay deductible amount. This additional hospital copayment means you may pay more for an outpatient service you get in a hospital than you'd pay if you got the same service in a doctor's office. Compare outpatient procedure costs under Original Medicare.

Part B (Medical Insurance)

Inpatient hospital care	20% of the Medicare-approved amount for most doctor services while you're a hospital inpatient.
Outpatient mental health care	• $0 for your yearly depression screening. • 20% of the Medicare-approved amount for visits to your doctor or other health care provider to diagnose or treat your condition. • If you get your services in a hospital outpatient clinic or hospital outpatient department, you may have to pay an additional amount to the hospital.
Partial hospitalization mental health care	After you meet the Part B deductible: • 20% of the Medicare-approved amount for each service you get from a doctor or certain other qualified mental health professional • Coinsurance for each day of partial hospitalization services you get in a hospital outpatient setting or community mental health center
Outpatient hospital care	• Usually 20% of the Medicare-approved amountfor doctor and other health care providers' services. • You'll also pay a copayment to the hospital for each service you get in a hospital outpatient setting (except for certain preventive services). In most cases, your copayment won't be more than the Part A hospital stay deductible amount. This additional hospital copayment means you may pay more for an outpatient service you get in a hospital than you'd pay if you got the same service in a doctor's office. Compare outpatient procedure costs under Original Medicare.

Medicare Advantage Plan (Part C) costs

Medicare Advantage Plan costs:	What you pay in 2026:
Premiums & other costs (like deductibles, copayments, & coinsurance)	**Varies by plan.** These amounts can change each year. **You must have Part B and keep paying your Part B premium to stay in your plan.** Will my Medicare Advantage Plan help pay my Part B premium? ⓘ Compare costs for specific health care plans.
Out-of-pocket limit	**Varies by plan.** Once you pay the plan's limit, the plan pays 100% of your covered health services for the rest of the calendar year.

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Part D (Drug Coverage) costs

Part D costs:	What you pay in 2026:
Premium	**Varies by plan.** You may have to pay more, depending on your income. Who pays a higher Part D premium because of income? Avoid paying a penalty: • Join a Medicare drug plan when you first get Medicare Part A and/or Part B, **and** • Don't go 63 days or more without creditable drug coverage (coverage that's similar in value to Part D). Find out more about the Part D penalty.
Deductibles, copayments, & coinsurance	**Varies by plan and pharmacy.** Find Medicare drug plans in your area, and compare their costs and coverage.

Medicare Supplemental Insurance (Medigap)

Medigap costs:	What you pay in 2026:
Premium	**Varies based on which** Medigap **policy you buy, where you live, and other factors.** The amount can change each year. You must have Part B and keep paying your Part B premium to keep your Medigap policy.
Other costs	• Medigap usually helps pay your portion of the costs (like deductibles and coinsurance) for services that Part A and Part B cover in Original Medicare. The amount you'll pay for Part A and Part B services if you have a Medigap policy varies depending on the policy you buy. • Some Medigap policies include extra benefits to lower your costs, like coverage when you travel out of the country.

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Medicare Premiums

- Medicare enrollment increased by 109,118 as of June 2023 since the prior Centers for Medicare & Medicaid Services (CMS) report
- 5.2 million are paying IRMAA
  - IRMAA = $13.4 billion
- Medicare premiums deducted from Social Security payments
  - Delay Social Security
    - Billed for premiums

Medicare Part A

- Premium-free Part A hospital insurance
  - 40 Social Security credits
    - 10 years of paying FICA taxes
- > 30 credits
  - Premium = $311/month
- <30 credits
  - Premium = $565/month

Medicare Part A

- Deductibles
  - $1,736 for each time admitted to the hospital per benefit period
- Copayments
  - Days 1-60: $0 after deductible
  - Days 61-90: $434 each day
  - Days 91-150: $868 each day while using 60 lifetime reserve days
  - After day 150: Pay all costs

IRMAA

- Income-related monthly adjusted amount
  - Inflation-adjusted surcharges on parts B and D of Medicare
- Started in 2007 as part of the *Medicare Prescription Drug, Improvement, and Modernization Act* of 2003
- IRMAA rates are determined by tax return information from two years prior
  - 2027 Medicare premiums based on 2025 tax returns

The table below shows the income-related monthly adjustment amounts for Medicare premiums based on your tax filing status and income. If your MAGI was lower than $109,000.01 (or lower than $218,000.01 if you filed your taxes with the filing status of married, filing jointly) in your most recent filed tax return, you do not have to pay any income-related monthly adjustment amount. If you do not have to pay an income-related monthly adjustment amount, you should not fill out this form even if you experienced a life-changing event.

If you filed your taxes as:	***And your MAGI was:***	***Your Part B monthly adjustment is:***	***Your prescription drug coverage monthly adjustment is:***
-Single, -Head of household, -Qualifying widow(er) with dependent child, or -Married filing separately (and you did not live with your spouse in tax year)*	$109,000.01 - $137,000.00 $137,000.01 - $171,000.00 $171,000.01 - $205,000.00 $205,000.01 - $499,999.99 More than $499,999.99	$ 81.20 $202.90 $324.60 $446.30 $487.00	$ 14.50 $ 37.50 $ 60.40 $ 83.30 $ 91.00
-Married, filing jointly	$218,000.01 - $274,000.00 $274,000.01 - $342,000.00 $342,000.01 - $410,000.00 $410,000.01 - $749,999.99 More than $749,999.99	$ 81.20 $202.90 $324.60 $446.30 $487.00	$ 14.50 $ 37.50 $ 60.40 $ 83.30 $ 91.00
-Married, filing separately (and you lived with your spouse during part of that tax year)*	$109,000.01 - $390,999.99 More than $390,999.99	$446.30 $487.00	$ 83.30 $ 91.00

* Let us know if your tax filing status for the tax year was Married, filing separately, but you lived apart from your spouse at all times during that tax year.

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credit	other dependents	credit	other dependents	credit	other dependents	credit	other dependents

☐ Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a	
b	Household employee wages not reported on Form(s) W-2	1b	
c	Tip income not reported on line 1a (see instructions)	1c	
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d	
e	Taxable dependent care benefits from Form 2441, line 26	1e	
f	Employer-provided adoption benefits from Form 8839, line 31	1f	
g	Wages from Form 8919, line 6	1g	
h	Other earned income (see instructions). Enter type and amount:	1h	
i	Nontaxable combat pay election (see instructions) 1i		
z	Add lines 1a through 1h	1z	
2a	Tax-exempt interest 2a ; b Taxable interest	2b	
3a	Qualified dividends 3a ; b Ordinary dividends	3b	
c	Check if your child's dividends are included in 1 ☐ Line 3a 2 ☐ Line 3b		
4a	IRA distributions 4a ; b Taxable amount	4b	
c	Check if (see instructions) 1 ☐ Rollover 2 ☐ QCD 3 ☐		
5a	Pensions and annuities 5a ; b Taxable amount	5b	
c	Check if (see instructions) 1 ☐ Rollover 2 ☐ PSO 3 ☐		
6a	Social security benefits 6a ; b Taxable amount	6b	
c	If you elect to use the lump-sum election method, check here (see instructions) ☐		
d	If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here ☐		
7a	Capital gain or (loss). Attach Schedule D if required	7a	
b	Check if: ☐ Schedule D not required ☐ Includes child's capital gain or (loss)		
8	Additional income from Schedule 1, line 10	8	
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your **total income**	9	
10	Adjustments to income from Schedule 1, line 26	10	
11a	Subtract line 10 from line 9. This is your **adjusted gross income**	11a	

IRMAA

- Unlike tax calculation
  - Marginal income tax rate
    - If bumped into the next higher tax bracket
      - Only dollars of income over limit are tax at the higher rate
- IRMAA brackets are a cliff
  - Make one dollar over the bracket threshold
    - Pay that bracket's IRMAA

IRMAA Example

- Single Medicare recipient with MAGI of $171,000
  - Pay Part B monthly IRMAA of $202.90
    - One dollar more
      - IRMAA = $324.60
        - $121.70 increase ($1,460.40 per year)
- MAGI of 2025 determines Medicare premiums for 2027
- MAGI of 2026 determines Medicare premiums for 2028

MAGI

- Modified adjusted gross income
  - Federal adjusted gross income
    - Plus
      - Tax-exempt interest income reported on Line 2a of Form 1040

SSA-44

- Redetermination
  - If income will be significantly lower going forward compared to previous year
  - Life-changing event
    - Reduction of income
    - Appeal IRMAA determination
      - Retirement
      - Work reduction
      - Death of a spouse
      - Divorce
  - Not qualifying
    - Large capital gain from sale of home

Life-Changing Events

- Death of spouse
- Marriage
- Divorce or annulment
- You or your spouse stopping work or reducing number of hours of work
- Involuntary loss of income-producing property due to natural disaster, disaster, fraud or other circumstances
- Loss of pension
- Receipt of settlement payment from a current or former employer due to the employer’s closure or bankruptcy

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Medicare Income-Related Monthly Adjustment Amount - Life-Changing Event

If you had a major life-changing event and your income has gone down, you may use this form to request a reduction in your income-related monthly adjustment amount. See page 5 for detailed information and line-by-line instructions. If you prefer to schedule an interview with your local Social Security office, call 1-800-772-1213 (TTY 1-800-325-0778).

Name	**Social Security Number**

You may use this form if you received a notice that your monthly Medicare Part B (medical insurance) or prescription drug coverage premiums include an income-related monthly adjustment amount (IRMAA) and you experienced a life-changing event that may reduce your IRMAA. To decide your IRMAA, we asked the Internal Revenue Service (IRS) about your adjusted gross income plus certain tax-exempt income which we call "modified adjusted gross income" or MAGI from the Federal income tax return you filed for tax year 2024. If that was not available, we asked for your tax return information for 2023. We took this information and used the table below to decide your income-related monthly adjustment amount.

The table below shows the income-related monthly adjustment amounts for Medicare premiums based on your tax filing status and income. If your MAGI was lower than $109,000.01 (or lower than $218,000.01 if you filed your taxes with the filing status of married, filing jointly) in your most recent filed tax return, you do not have to pay any income-related monthly adjustment amount. If you do not have to pay an income-related monthly adjustment amount, you should not fill out this form even if you experienced a life-changing event.

If you filed your taxes as:	***And your MAGI was:***	***Your Part B monthly adjustment is:***	***Your prescription drug coverage monthly adjustment is:***
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* Let us know if your tax filing status for the tax year was Married, filing separately, but you lived apart from your spouse at all times during that tax year.

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#

STEP 1: Type of Life-Changing Event

Check any life-changing event and fill in the date(s) that the events occurred (mm/yyyy).

- ☐ Marriage
- ☐ Divorce/Annulment
- ☐ Death of Your Spouse
- ☐ Work Stoppage
- ☐ Work Reduction
- ☐ Loss of Income-Producing Property
- ☐ Loss of Pension Income
- ☐ Employer Settlement Payment

Date(s) of life-changing event: ____________________
(mm/yyyy)

If you have had or anticipate having a life-changing event, you can report to us an income reduction that has *already* occurred or an income reduction that you anticipate occurring this or next year. Use Step 2 to report reductions that have already occurred, and Step 3 to report reductions you are anticipating occurring. Additional instructions available on page 6).

STEP 2: Reductions in Income that have Already Occurred

If your income has already been reduced by the life-changing event (see instructions on page 6), the amount of your adjusted gross income (AGI, as used on line 11 of IRS form 1040) and tax-exempt interest income (as used on line 2a of IRS form 1040), and your tax filing status.

Tax Year	Adjusted Gross Income	Tax-Exempt Interest
2 0 __ __	$ __ __ __ __ __ __ . __ __	$ __ __ __ __ __ __ . __ __

Tax Filing Status for this Tax Year (choose **ONE**):

- ☐ Single
- ☐ Head of Household
- ☐ Qualifying Widow(er) with Dependent Child
- ☐ Married, Filing Jointly
- ☐ Married, Filing Separately

STEP 3: Anticipated Reductions in Modified Adjusted Gross Income Next Year

Will your modified adjusted gross income be lower next year than the year in Step 2?

- ☐ No - Skip to STEP 4
- ☐ Yes - Complete the blocks below for next year

Tax Year	Estimated Adjusted Gross Income	Estimated Tax-Exempt Interest
2 0 __ __	$ __ __ __ __ __ __. __ __	$ __ __ __ __ __ __. __ __

Expected Tax Filing Status for this Tax Year (choose **ONE**):

- ☐ Single
- ☐ Head of Household
- ☐ Qualifying Widow(er) with Dependent Child
- ☐ Married, Filing Jointly
- ☐ Married, Filing Separately

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- ☐ Single
- ☐ Head of Household
- ☐ Qualifying Widow(er) with Dependent Child
- ☐ Married, Filing Jointly
- ☐ Married, Filing Separately

#

STEP 4: Documentation

Provide evidence of your modified adjusted gross income (MAGI) and your life-changing event. You can either:

1. Attach the required evidence and we will mail your original documents or certified copies back to you;

OR

2. Show your original documents or certified copies of evidence of your life-changing event and modified adjusted gross income to an SSA employee.

Note: You must sign in Step 5 and attach all required evidence. Make sure that you provide your current address and a phone number so that we can contact you if we have any questions about your request.

STEP 5: Signature

PLEASE READ THE FOLLOWING INFORMATION CAREFULLY BEFORE SIGNING THIS FORM.

I understand that the Social Security Administration (SSA) will check my statements with records from the Internal Revenue Service to make sure the determination is correct.

I declare under penalty of perjury that I have examined the information on this form and it is true and correct to the best of my knowledge.

I understand that signing this form does not constitute a request for SSA to use more recent tax year information unless it is accompanied by:

- **Evidence that I have had the life-changing event indicated on this form;**
- **A copy of my Federal tax return; or**
- **Other evidence of the more recent tax year's modified adjusted gross income**

Signature		**Phone Number**
Mailing Address		**Apartment Number**
City	**State**	**ZIP Code**

#

STEP 4: Documentation

Provide evidence of your modified adjusted gross income (MAGI) and your life-changing event. You can either:

1. Attach the required evidence and we will mail your original documents or certified copies back to you;

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I declare under penalty of perjury that I have examined the information on this form and it is true and correct to the best of my knowledge.

I understand that signing this form does not constitute a request for SSA to use more recent tax year information unless it is accompanied by:

- **Evidence that I have had the life-changing event indicated on this form;**
- **A copy of my Federal tax return; or**
- **Other evidence of the more recent tax year's modified adjusted gross income**

Signature		Phone Number
Mailing Address		**Apartment Number**
City	**State**	**ZIP Code**

Privacy Act Statement
Collection and Use of Personal Information

Sections 1839(i) and 1860D-13(a) of the Social Security Act, as amended, allow us to collect this information. Furnishing us this information is voluntary. However, failing to provide all or part of the information may prevent an accurate and timely decision on your income-related monthly adjustment amount (IRMAA).

We will use the information you provide to determine if you qualify for a reduction in or elimination of IRMAA. We may also share the information for the following purposes, called routine uses:

- To contractors and other Federal agencies, as necessary, for the purpose of assisting SSA in the efficient administration of its programs. We contemplate disclosing information under this routine use only in situations in which SSA may enter into a contractual or similar agreement with a third party to assist in accomplishing an agency function relating to this system of records; and

- To applicants, claimants, prospective applicants or claimants (other than the data subjects and their authorized representatives) to the extent necessary for the purpose of administering Medicare Part A, Part B, Medicare Advantage Part C, and Medicare Part D, including but not limited to pursuing Medicare Part B, Part C and Part D premium collection.

In addition, we may share this information in accordance with the Privacy Act and other Federal laws. For example, where authorized, we may use and disclose this information in computer matching programs, in which our records are compared with other records to establish or verify a person's eligibility for Federal benefit programs and for repayment of incorrect or delinquent debts under these programs.

A list of additional routine uses is available in our Privacy Act System of Records Notice (SORN) 60-0321, Medicare Database File, as published in the Federal Register (FR) on July 25, 2006, at 71 FR 42159. Additional information, and a full listing of all of our SORNs, is available on our website at www.ssa.gov/privacy.

Paperwork Reduction Act Statement

This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget (OMB) control number. We estimate that it will take about 45 minutes to read the instructions, gather the facts, and answer the questions. ***Send only comments relating this burden estimate or any other aspect of this collection, including suggestions for reducing this burden to:*** *SSA, 6401 Security Blvd, Baltimore, MD 21235-6401.*

#

INSTRUCTIONS FOR COMPLETING FORM SSA-44
Medicare Income-Related Monthly Adjustment Amount
Life-Changing Event--Request for Use of More Recent Tax Year Information

You do not have to complete this form in order to ask that we use your information about your modified adjusted gross income for a more recent tax year. If you prefer, you may call 1-800-772-1213 and speak to a representative from 7 a.m. until 7 p.m. on business days to request an appointment at one of our field offices. If you are hearing-impaired, you may call our TTY number, 1-800-325-0778.

Identifying Information

Print your full name and your own Social Security Number as they appear on your Social Security card. Your Social Security Number may be different from the number on your Medicare card.

STEP 1

You should choose any life-changing event on the list. Fill in the date that the life-changing event occurred. The life-changing event date must be in the same year or an earlier year than the tax year you ask us to use to decide your income-related premium adjustment. For example, if we used your 2024 tax information to determine your income-related monthly adjustment amount for 2026, you can request that we use your 2025 tax information instead if you experienced a reduction in your income in 2025 due to a life-changing event that occurred in 2025 or an earlier year.

Life-Changing Event	Use this category if...
Marriage	You entered into a legal marriage.
Divorce/Annulment	Your legal marriage ended, and you will not file a joint return with your spouse for the year.
Death of Your Spouse	Your spouse died.
Work Stoppage or Reduction	You or your spouse stopped working or reduced the hours that you work.
Loss of Income-Producing Property	You or your spouse experienced a loss of income-producing property that was not at your direction (e.g., not due to the sale or transfer of the property). This includes loss of real property in a Presidentially or Gubernatorially-declared disaster area, destruction of livestock or crops due to natural disaster or disease, or loss of property due to arson, or loss of investment property due to fraud or theft.
Loss of Pension Income	You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan.
Employer Settlement Payment	You or your spouse receive a settlement from an employer or former employer because of the employer's bankruptcy or reorganization.

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Loss of Pension Income	You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan.
Employer Settlement Payment	You or your spouse receive a settlement from an employer or former employer because of the employer's bankruptcy or reorganization.

INSTRUCTIONS FOR COMPLETING FORM SSA-44

STEP 2

Supply information about the more recent year's modified adjusted gross income (MAGI). Note that this year must reflect a reduction in your income due to the life-changing event(s) you listed in Step 1. A change in your tax filing status due to the life-changing event might also reduce your income-related monthly adjustment amount. Your MAGI is your adjusted gross income as used on line 11 of IRS form 1040 plus your tax-exempt interest income as used on line 2a of IRS form 1040. We used your MAGI and your tax filing status to determine your income-related monthly adjustment amount.

Tax Year

- Fill in both empty spaces in the box that says "20_ _". The year you choose must be more recent than the year of the tax return information we used. The letter that we sent you tells you what tax year we used.
    - Choose this year (the "premium year") - if your modified adjusted gross income is lower this year than last year. For example, if you request that we adjust your income-related premium for 2026, use your estimate of your 2026 MAGI if:
        1. Your income was not reduced until 2026; or
        2. Your income was reduced in 2025, but will be lower in 2026.
    - Choose last year (the year before the "premium year," which is the year for which you want us to adjust your IRMAA) - if your MAGI is not lower this year than last year. For example, if you request that we adjust your 2026 income-related monthly adjustment amounts and your income was reduced in 2025 by a life-changing event AND will be no lower in 2026, use your tax information for 2025.
    - Exception: If we used IRS information about your MAGI 3 years before the premium year, you may ask us to use information from 2 years before the premium year. For example, if we used your income tax return for 2023 to decide your 2026 IRMAA, you can ask us to use your 2024 information.
- If you have any questions about what year you should use, you should call SSA.

Adjusted Gross Income

- Fill in your actual or estimated adjusted gross income for the year you wrote in the "tax year" box. Adjusted gross income is the amount on line 11 of IRS form 1040. If you are providing an estimate, your estimate should be what you expect to enter on your tax return for that year.

Tax-exempt Interest Income

- Fill in your actual or estimated tax-exempt interest income for the tax year you wrote in the "tax year" box. Tax-exempt interest income is the amount reported on line 2a of IRS form 1040. If you are providing an estimate, your estimate should be what you expect to enter on your tax return for that year.

Filing Status

- Check the box in front of your actual or expected tax filing status for the year you wrote in the "tax year" box.

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INSTRUCTIONS FOR COMPLETING FORM SSA-44

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Filing Status

- Check the box in front of your actual or expected tax filing status for the year you wrote in the "tax year" box.

INSTRUCTIONS FOR COMPLETING FORM SSA-44

STEP 3

Complete this step only if you expect that your MAGI for next year will be even lower. We will record this information and use it next year to determine your Medicare income-related monthly adjustment amounts. If you do not complete Step 3, we will use the information from Step 2 next year to determine your income-related monthly adjustment amounts, unless one of the conditions described in "Important Facts" on page 8 occurs.

Tax Year

- Fill in both empty spaces in the box that says "20 _ _ " with the year following the year you wrote in Step 2. For example, if you wrote "2026" in Step 2, then write "2027" in Step 3.

Adjusted Gross Income

- Fill in your estimated adjusted gross income for the year you wrote in the "tax year" box. Adjusted gross income is the amount you expect to enter on line 11 of IRS form 1040 when you file your tax return for that year.

Tax-exempt Interest Income

- Fill in your estimated tax-exempt interest income for the tax year you wrote in the "tax year" box. Tax-exempt interest income is the amount you expect to report on line 2a of IRS form 1040.

Filing Status

- Check the box in front of your expected tax filing status for the year you wrote in the "tax year" box.

STEP 4

Provide your required evidence of your MAGI and your life-changing event.

Modified Adjusted Gross Income Evidence

If you have filed your Federal Income tax return for the year you wrote in Step 2, then you must provide us with your signed copy of your tax return or a transcript from IRS. If you provided an estimate in Step 2, you must show us a signed copy of your tax return when you file your Federal income tax return for that year.

Life-Changing Event Evidence

We must see original documents or certified copies of evidence that the life-changing event occurred. Required evidence is described on the next page. In some cases, we may be able to accept another type of evidence. If you do not have a preferred document listed on the next page. Ask a Social Security representative to explain what documents can be accepted.

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Tax Year

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Adjusted Gross Income

- Fill in your estimated adjusted gross income for the year you wrote in the "tax year" box. Adjusted gross income is the amount you expect to enter on line 11 of IRS form 1040 when you file your tax return for that year.

Tax-exempt Interest Income

- Fill in your estimated tax-exempt interest income for the tax year you wrote in the "tax year" box. Tax-exempt interest income is the amount you expect to report on line 2a of IRS form 1040.

Filing Status

- Check the box in front of your expected tax filing status for the year you wrote in the "tax year" box.

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Life Changing Event	Evidence
Marriage	An original marriage certificate: or a certified copy of a public record of marriage.
Divorce/Annulment	A certified copy of the decree of divorce or annulment.
Death of Your Spouse	A certified copy of a death certificate, certified copy of the public record of death, or a certified copy of a coroner's certificate.
Work Stoppage or Reduction	An original signed statement from your employer; copies of pay stubs; original or certified documents that show a transfer of your business. Note: In the absence of such proof, we will accept your signed statement, under penalty of perjury, on this form, that you parially or dully stopped working or accepted a job with reduced compensation.
Loss of Income Producing Property	An original copy of an insurance company adjuster's statement of loss or a letter from a State or Federal government about the uncompensated loss. If the loss was due to investment fraud (theft), we also require proof of conviction for the theft, such as a court document citing theft or fraud relating to your or your spouse's loss.
Loss of Pension Income	A letter or statement from your pension fund administrator that explains the reduction or termination of your benefits.
Employer Settlement Payment	A letter from the employer stating the settlement terms of the bankruptcy court and how it affects you or your spouse.

STEP 5

Read the information above the signature line, and sign the form. Fill in your phone number and current mailing address. It is very important that we have this information so that we can contact you if we have any questions about your request.

Important Facts

- When we use your estimated MAGI information to make a decision about your income-related monthly adjustment amount, we will later check with the IRS to verify your report.
- If you provide an estimate of your MAGI rather than a copy of your Federal tax return, we will ask you to provide a copy of your tax return when you file your taxes.
- If your estimate of your MAGI changes, or you amend your tax return for that reason, you will need to contact us to update our records. If you do not contact us, we may have to make corrections later including retroactive assessments or refunds.
- We will use your estimate provided in Step 2 to make a decision about the amount of your income-related monthly adjustment amounts the following year until:
    - IRS sends us your tax return information for the year used in Step 2; or
    - You provide a signed copy of your filed Federal Income tax return or amended Federal Income tax return with a different amount; or
    - You provide an updated estimate.
- If we used information from IRS about a tax year when your filing status was Married filing separately, but you lived apart from your spouse at all times during that year, you should contact us at 1-800-772-1213 (TTY 1-800-325-0778) to explain that you lived apart from your spouse. Do not use this form to report this change.

Life Changing Event	Evidence
Marriage	An original marriage certificate: or a certified copy of a public record of marriage.
Divorce/Annulment	A certified copy of the decree of divorce or annulment.
Death of Your Spouse	A certified copy of a death certificate, certified copy of the public record of death, or a certified copy of a coroner's certificate.
Work Stoppage or Reduction	An original signed statement from your employer; copies of pay stubs; original or certified documents that show a transfer of your business. Note: In the absence of such proof, we will accept your signed statement, under penalty of perjury, on this form, that you parially or dully stopped working or accepted a job with reduced compensation.
Loss of Income Producing Property	An original copy of an insurance company adjuster's statement of loss or a letter from a State or Federal government about the uncompensated loss. If the loss was due to investment fraud (theft), we also require proof of conviction for the theft, such as a court document citing theft or fraud relating to your or your spouse's loss.
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Example of Life-Changing Event

- In 2023, Joe was a highly paid executive
- Joe retired in January 2024
  - Income drops considerably
  - Social Security will see this drop after he files his 2024 tax return in 2025
- Files Form SSA-44: Life-changing event form with Social Security
  - Identifies work stoppage as his event
    - Provides evidence
      - Paystub
      - Retirement letter from company

Not Life-Changing Event

- Sale of home
  - Not a qualifying event
- Required minimum distributions
- Roth conversions
- Capital gains

© Larry Pon, CPA/PFS, CFP, EA, USTCP, AEP

Not Sure?

- Apply anyway
- Example
  - Medicare recipient faced higher IRMAA due to sale of second home
    - Raise funds to pay medical bills for a gravely ill spouse
    - Provided SS with copies of the bills and diagnoses
- Facts and circumstances
- Amended tax returns

Strategies to Reduce IRMAA

- Qualified charitable distribution
- Tax-loss harvesting
- Roth conversions before age 63

live in the same household as your spouse at the end of 2025.

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

1a	Total amount from Form(s) W-2, box 1 (see instructions)		1a
b	Household employee wages not reported on Form(s) W-2		1b
c	Tip income not reported on line 1a (see instructions)		1c
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)		1d
e	Taxable dependent care benefits from Form 2441, line 26		1e
f	Employer-provided adoption benefits from Form 8839, line 31		1f
g	Wages from Form 8919, line 6		1g
h	Other earned income (see instructions). Enter type and amount:		1h
i	Nontaxable combat pay election (see instructions)	1i	
z	Add lines 1a through 1h		1z
2a	Tax-exempt interest	2a	b Taxable interest — 2b
3a	Qualified dividends	3a	b Ordinary dividends — 3b
c	Check if your child's dividends are included in 1 ☐ Line 3a	2 ☐ Line 3b	
4a	IRA distributions	4a	b Taxable amount — 4b
c	Check if (see instructions) 1 ☐ Rollover	2 ☐ QCD 3 ☐	
5a	Pensions and annuities	5a	b Taxable amount — 5b
c	Check if (see instructions) 1 ☐ Rollover	2 ☐ PSO 3 ☐	
6a	Social security benefits	6a	b Taxable amount — 6b
c	If you elect to use the lump-sum election method, check here (see instructions) ☐		
d	If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here ☐		
7a	Capital gain or (loss). Attach Schedule D if required		7a
b	Check if: ☐ Schedule D not required ☐ Includes child's capital gain or (loss)		
8	Additional income from Schedule 1, line 10		8
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your **total income**		9
10	Adjustments to income from Schedule 1, line 26		10
11a	Subtract line 10 from line 9. This is your **adjusted gross income**		11a

Part I	**Additional Income**		
1	Taxable refunds, credits, or offsets of state and local income taxes		1
2a	Alimony received		2a
b	Date of original divorce or separation agreement (see instructions):		
3	Business income or (loss). Attach Schedule C		3
4	Other gains or (losses). Check if any from Form(s): ☐ 4797 ☐ 4684		4
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		5
6	Farm income or (loss). Attach Schedule F		6
7	Unemployment compensation. If you repaid a 2025 overpayment (see instructions), check here ☐ and enter amount repaid:		7
8	Other income:		
a	Net operating loss	8a ( )	
b	Gambling	8b	
c	Cancellation of debt	8c	
d	Foreign earned income exclusion from Form 2555	8d ( )	
e	Income from Form 8853	8e	
f	Income from Form 8889	8f	
g	Alaska Permanent Fund dividends	8g	
h	Jury duty pay	8h	
i	Prizes and awards	8i	
j	Activity not engaged in for profit income	8j	
k	Stock options	8k	
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l	
m	Olympic and Paralympic medals and USOC prize money (see instructions)	8m	
n	Section 951(a) inclusion (see instructions)	8n	
o	Section 951A(a) inclusion (see instructions)	8o	
p	Section 461(l) excess business loss adjustment	8p	
q	Taxable distributions from an ABLE account (see instructions)	8q	
r	Scholarship and fellowship grants not reported on Form W-2	8r	
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s ( )	
t	Pension or annuity from a nonqualifed deferred compensation plan or a nongovernmental section 457 plan	8t	
u	Wages earned while incarcerated	8u	
v	Digital assets received as ordinary income not reported elsewhere. See instructions	8v	
z	Other income. List type and amount:	8z	
9	Total other income. Add lines 8a through 8z		9
10	Combine lines 1 through 7 and 9. This is your **additional income**. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8		10

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Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903. If claiming only storage fees (see instructions), check here ☐	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions):		
20	IRA deduction. If you are married filing separately and lived apart from your spouse for the entire year (see instructions), check here ☐	20	
21	Student loan interest deduction	21	
22	Reserved for future use	22	
23	Archer MSA deduction	23	

24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
z	Other adjustments. List type and amount:	24z	

25	Total other adjustments. Add lines 24a through 24z	25	
26	Add lines 11 through 23 and 25. These are your **adjustments to income**. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10	26	

#

What Does Not Raise IRMAA

- Distributions from HSAs
- Roth IRA withdrawals
- Reverse mortgage
- Life insurance loans

IRMAA Triggers

- Deferring income
  - Deferred compensation plans
- Roth conversions
- Stock options
- Sales of assets
  - Sale of home
  - Sale of business

IRMAA Solvers

- Manage allowable expenses and deductions
  - Schedule C
  - Schedule E
  - Deductible traditional IRA contributions
  - Defined benefit plan contributions

Portfolio Income

- Two investment portfolio strategies
  - Same after-tax return and similar risk profile
  - Portfolio A generates less taxable income than Portfolio B
    - Portfolio B may result in a higher IRMAA surcharge

Qualified Charitable Distribution (QCD)

- IRMAA based on MAGI
- Deductions do not impact the calculation
- Schedule A charitable deduction vs. QCD
  - Same tax result
  - QCD lowers MAGI
    - Reduce IRMAA surcharges
- QCD fulfills RMD requirement

QCD

- Example
  - Married couple with MAGI above $258,000 in 2022.
    - IRMAA charges for Medicare Part B for 2024 = $4,193
      - IRMAA Part B Surcharge if MAGI > $258,000 = $174.70
        - $174.70 X 12 = $2096.40 X 2 = $4,193
  - If made QCDs to get their income below $258,000 threshold instead of taking RMD
    - Save $4,193
      - If RMD was $53,000
        - Then MAGI would drop to $205,00
          - Paying only the base amount of Medicare Part B premium
- What is the IRMAA thresholds for 2027?

Sale of Residence

- Even with §121 primary residence exclusion
  - Clients may have capital gain on sale of home
  - IRMAA impact will be for only one year
- Loss harvesting
- Up-stream basis planning
- Combo §121/§1031 exchange

How About Building Basis?

- Upstream planning
- Make gifts to older family members of low basis appreciated assets
  - Donee needs to live more than a year
    - Leaves assets to donor at death
    - Donor’s basis is stepped up at the donee’s date of death
  - If donee dies within one year
    - Donor’s basis reverts to the donor’s basis before the gift
- Assumption
  - Donor has gift exclusion available
  - Donee will not have a taxable estate
- Community property – full step up in basis

How About Building Basis?

- Sheldon and Amy owns a second home currently valued at $1,000,000
  - Cost basis = $400,000
- Amy's dad is 80 years old and his current estate is about $1,000,000
  - Living comfortably with his pension and Social Security
- Gift house to dad in 2024
  - File gift tax return – Form 709
    - Split gift between Sheldon and Amy
      - Taxable gift = $500,000 - $18,000 = $482,000
      - No gift tax due
      - Dad takes on carryover basis

How About Building Basis?

- 10 years later, dad passes away
- Sheldon and Amy inherit the house as part of dad's estate plan
- House is now worth $1,500,000
  - Sheldon and Amy's cost basis = $1,500,000

Sale of Home with §1031

- House is worth $2 million
- Cost basis is $500,000
  - If home is sold capital gain would be $1,000,000
  - Rent out home for less than three years
  - Sell home for $2 million within three years of when it was converted to rental
  - Purchase new home for $1,500,000 in a §1031 exchange
    - Rent out new home to qualify for §1031 exchange
    - Pocket $500,000 with no capital gain

Sale of Home with §1031

- Apply sale-of-home rules before like-kind exchange rules
  - §121 exclusion must be applied to the gain from the exchange before the application of §1031
- Depreciation recapture
  - §121 exclusion does not apply to depreciation deductions after May 6, 1997
- Treatment of boot
  - Taxable if it exceeds §121 exclusion
- Computation of basis
  - Basis in replacement business property is increased by any gain attributable to the relinquished business property that is excluded under §121

Sale of Home with §1031

- Example #2
  - Home cost = $210,000
    - Rented out for two years and claims depreciation deduction of $12,000
    - Exchanges house
      - FMV = $470,000
        - $10,000 cash
        - Replacement townhouse = $460,000 – rent to tenants
      - Gain realized = $272,000

Sale of Home With §1031

- Amount realized = $470,000
- Less adjusted basis ($210,000 - $12,000)
  - $198,000
  - Realized gain = $272,000 (470,000-198,000)
  - Less gain excluded under §121 = $250,000
  - Gain to be deferred under §1031 = $22,000
  - No gain recognized because the $10,000 boot is less than $250,000 exclusion

Sale of Home with §1031

- No §121 exclusion for property exchanged in the last five years
  - This applies even if the home is received as a gift if the donor acquired the property in a like-kind exchange

Qualified Opportunity Zones

- Reinvest capital gains into qualified opportunity zone funds (QOF)
- Defer gain by investing QOF within 180 days
- Deferred gain is recognized at the earlier of an inclusion event or five year outside date
    - Basis step up for longer holding periods – 10 years
- Ends 12/31/26
- Starts again under new rules 1/1/27

Roth Conversions

- Two-year rule
  - Roth conversions this year will affect IRMAA two years from now
- Roth conversions before age 63?
- Benefits of Roth conversion vs. IRMAA impact

Deduction for Medicare

- Premiums for Medicare health insurance coverages can be combined with other qualifying health-care expenses for purposes of claiming the itemized federal income tax deduction for medical expenses on Schedule A of Form 1040
- Eligible self-employed or more-than- 2% S corporation shareholder-employee
  - Claim above-the-line deduction for health insurance premiums
    - No need to itemize

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Health Savings Accounts (HSA)

- Medicare health insurance premium costs can be reimbursed tax-free through HSA distributions
- Medicare deductibles and co-pays can be reimbursed tax-free through HSA distributions
- Unreimbursed out-of-pocket medical expenses

Medicare Tips

- Take advantage of health savings account (HSA)
- Retire before age 65
  - COBRA – 18 months
    - Watch costs
  - Retire at age 63 ½
- Enroll in Part A – even if have health plan coverage
  - Do not enroll in Part A if want to contribute to HSA
- If not covered under group health plan upon age 65
  - Late enrollment penalty for not enrolling in Part B
    - 10% for each 12-month period
      - Applies for life
  - COBRA benefits after termination of employment is not considered group
    health coverage for this exception to apply

Conclusion

- IRMAA plan must also be considered with tax planning
  - Investment planning
  - Small incremental changes can save IRMAA charges
- IRMAA refunds?
  - New initial determination – seven permitted reasons
  - Reconsideration – don't fit seven categories

Resources

- Medicare
  - https://www.medicare.gov/
- Medicare Handbook (128 pages)
  - https://www.medicare.gov/publications/10050-Medicare-and-You.pdf
- Form SSA-44: Medicare Income-Related Monthly Adjustment Amount – Life-Changing Event
  - https://www.ssa.gov/forms/ssa-44.pdf

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