

## IRMAA's bite into your Medicare Costs!

A well-funded retirement can also mean a more expensive one. One reason is that seniors with higher than average incomes are affected by IRMAA, the Income-Related Monthly Adjustment Amount, and that means higher Medicare Part B and Part D premium fees. This month, I hope to shed some light on how IRMAA impacts Medicare, and help those of you affected make informed decisions regarding these expenses.

So what, exactly, is IRMAA? IRMAA is an additional premium imposed on Medicare beneficiaries with higher incomes. If you fall into one of the high-income categories, which in 2024 means more than \$103,000 for individuals and \$206,000 for couples— you will have to pay premiums on top of the Part D plan you choose as well as the standard Medicare Part B premium of \$174.70 in 2024, making total healthcare costs more burdensome. For review, Part B covers medical services like doctor visits, outpatient care, and preventive services, while Part D provides prescription drug coverage.

Depending on how much above the income threshold one is, seniors may experience a significant increase in their Medicare premiums due to IRMAA. The surcharge is calculated based on the modified adjusted gross income (MAGI) reported on your tax returns, and **there is a 2 year lookback. That means beneficiaries will pay this year according to their MAGI recorded in 2022.**

As income increases, so does the IRMAA premium. Even anomalies, like the sale of a property that produces capital gains one year, will impact your IRMAA. There are different income brackets, and each is associated with a specific premium amount. Thresholds adjust annually. This year, IRMAA peaks out at \$594 for Part B and \$81 for Part D for seniors with the highest incomes. In order to anticipate healthcare costs, you need to know your bracket. The complete IRMAA tables are available on the IRS website.

Since IRMAA is calculated based on income seniors had two years ago, those who experience a significant life-changing event may be eligible for an IRMAA reconsideration or reduction. You can request a reduction in your IRMAA premium based on your current income through the Social Security Administration. Circumstances like marriage, divorce, death of a spouse are all qualifying circumstances. Additionally, most people will see a reduction in income when they retire. Work stoppage is an allowed life-changing event. If you qualify for IRMAA, you should request a reduction from the SSA if your income decreases.

IRMAA can play a significant role in determining Medicare costs. By understanding how IRMAA affects premiums, you can better plan for your healthcare expenses. If you'll turn 65 this year and don't already collect Social Security benefits, be sure to apply for Medicare Part B 3 months before your birthday, and stay informed about your income status. It's worth your time to explore options for appealing or reducing IRMAA premiums if you can. As always, your broker can provide personalized guidance based on your individual circumstances. If you need help, please give us a call!