



Medicare IRMAA Calculator

**Your projected Medicare
liability: \$1,226,123.23**

Report For:

Mr. Valued Client &
Mrs. Valued Client

Provided by:

Frank Lozano



Did you know that the Rules of Retirement have changed?

Through the years Congress has changed the rules of retirement in 4 distinct ways that will impact not only your financial plans, but also your health coverage and Social Security benefits.

The 4 Rules of Retirement are:

Rule 1: You have a mandatory expense in retirement

In order to receive any Social Security benefit, you must accept Medicare when eligible.

Eligibility is when you are 65-years-old or older and no longer have health coverage through an employer or spouse's employer. COBRA does NOT count.

Rule 2: Medicare is based on your income through the Income Related Monthly Adjustment Amount or IRMAA.

The more income you have, the higher your Medicare premiums.

Rule 3: Income for IRMAA is your adjusted gross income plus any tax-exempt interest you may have.

Some examples of IRMAA income: Wages, Social Security benefits, Capital Gains, Dividends and distributions from Traditional 401(k) and IRA's.

Rule 4: The bulk of your Medicare premiums and any IRMAA surcharges you have are both deducted directly from your Social Security benefit.

Did you know that Social Security's cost of living adjustment (COLA) is projected to be no greater than 2.40% from 2023 to 2030 while Medicare premiums are expected to grow by more than 6.00%?

Your Social Security benefit is not going to be what you are planning it to be

Projected Medicare Premium Costs through age 90: \$1,226,123.23

	Primary	Spouse
Name	Mr. Valued Client	Mrs. Valued Client
Gender	MALE	FEMALE
Current Age	62	60
Medicare Age	65	65
State	TX	
Tax Status	Married Filing Jointly	
Prepared	2025	

Current Assets

Type	Value
Social Security	\$3300 per/month
Social Security	\$3560 per/month
IRA	\$333.33 per/month
IRA	\$1000 per/month
401K	\$2666 per/month
401K	\$1666.66 per/month

Part	Coverage	Current Rates	Inflation Choice
Part B	Selected	\$185	Projected (6.25%)
Part D	Selected	\$106.93	Projected (6.00%)
Medigap	Selected	Mr. Valued : \$183.90 Mrs. Valued : \$165.10	Projected (5.32%)

Impact on Social Security Check (Mr. Valued Client)

Year	Age	SSA Income	Part B	Part D	Medigap	Total Cost	Remaining SSA Income	IRMAA Bracket
2028	65	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	None
2029	66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	None
2030	67	\$42,720.00	\$3,145.93	\$1,717.16	\$3,068.63	\$4,863.08	\$37,856.92	None
2031	68	\$43,788.00	\$3,342.55	\$1,820.19	\$3,318.00	\$5,162.73	\$38,625.27	None
2032	69	\$44,882.70	\$3,576.19	\$1,929.40	\$3,617.64	\$5,505.59	\$39,377.11	None
2033	70	\$46,004.77	\$3,827.60	\$2,045.16	\$3,938.67	\$5,872.76	\$40,132.01	None
2034	71	\$47,154.89	\$4,072.56	\$2,167.87	\$4,272.66	\$6,240.43	\$40,914.45	None
2035	72	\$48,333.76	\$4,333.21	\$2,297.94	\$4,636.20	\$6,631.15	\$41,702.61	None
2036	73	\$49,542.10	\$4,610.53	\$2,435.82	\$5,029.95	\$7,046.35	\$42,495.75	None
2037	74	\$50,780.66	\$4,905.61	\$2,581.97	\$5,454.38	\$7,487.58	\$43,293.08	None
2038	75	\$52,050.17	\$5,219.56	\$2,736.89	\$5,916.00	\$7,956.45	\$44,093.72	None
2039	76	\$53,351.43	\$5,553.62	\$2,901.10	\$6,412.10	\$8,454.72	\$44,896.71	None
2040	77	\$54,685.21	\$5,909.05	\$3,075.17	\$6,943.96	\$8,984.21	\$45,701.00	None
2041	78	\$56,052.34	\$8,271.83	\$5,883.58	\$7,516.61	\$14,155.41	\$41,896.93	1st IRMAA Bracket
2042	79	\$57,453.65	\$8,801.23	\$6,236.60	\$8,138.57	\$15,037.82	\$42,415.83	1st IRMAA Bracket
2043	80	\$58,889.99	\$9,364.50	\$6,610.79	\$8,822.02	\$15,975.30	\$42,914.70	1st IRMAA Bracket
2044	81	\$60,362.24	\$9,963.83	\$7,007.44	\$9,563.37	\$16,971.27	\$43,390.97	1st IRMAA Bracket
2045	82	\$61,871.30	\$10,601.52	\$7,427.89	\$10,352.87	\$18,029.40	\$43,841.90	1st IRMAA Bracket
2046	83	\$63,418.08	\$11,280.01	\$7,873.56	\$11,211.46	\$19,153.57	\$44,264.51	1st IRMAA Bracket
2047	84	\$65,003.53	\$17,142.76	\$7,954.60	\$12,133.31	\$25,097.37	\$39,906.17	2nd IRMAA Bracket
2048	85	\$66,628.62	\$18,239.90	\$8,431.88	\$13,116.87	\$26,671.78	\$39,956.84	2nd IRMAA Bracket
2049	86	\$68,294.34	\$19,407.25	\$8,937.79	\$14,122.35	\$28,345.04	\$39,949.29	2nd IRMAA Bracket
2050	87	\$70,001.69	\$20,649.32	\$9,474.06	\$15,192.08	\$30,123.38	\$39,878.32	2nd IRMAA Bracket
2051	88	\$71,751.74	\$21,970.87	\$10,042.50	\$16,331.72	\$32,013.38	\$39,738.36	2nd IRMAA Bracket

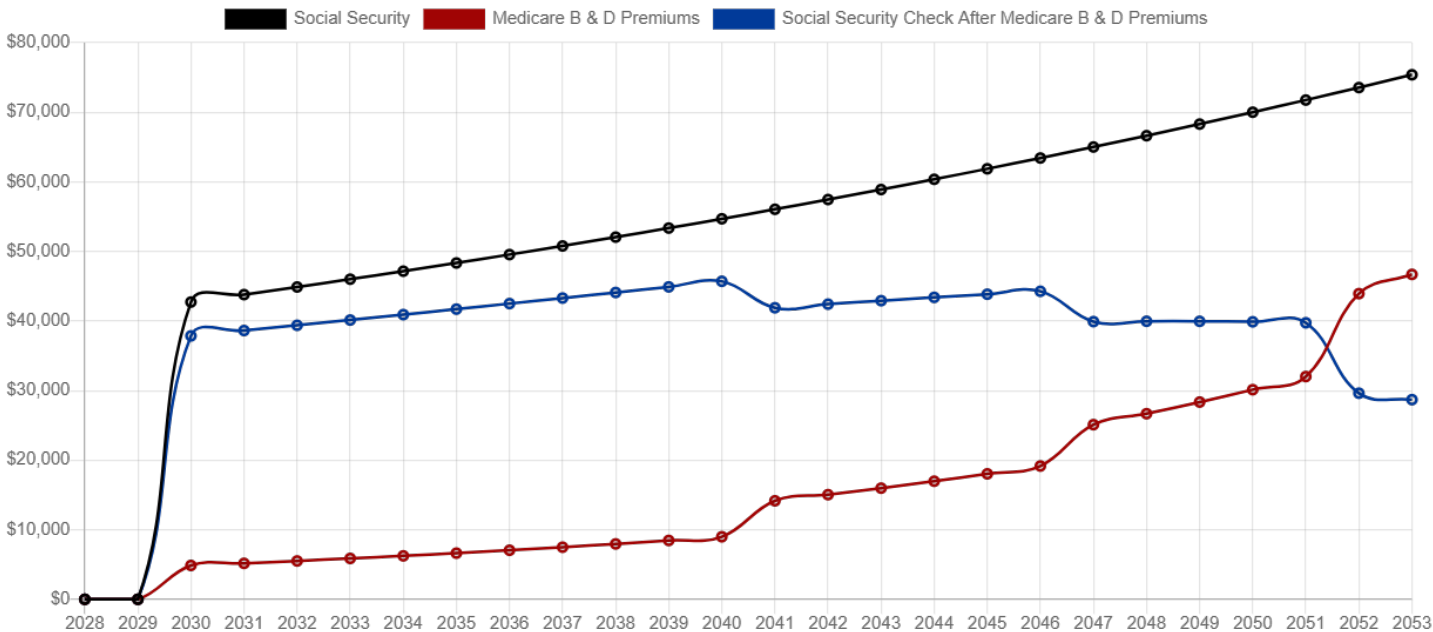
Year	Age	SSA Income	Part B	Part D	Medigap	Total Cost	Remaining SSA Income	IRMAA Bracket
2052	89	\$73,545.53	\$32,340.47	\$11,587.06	\$17,554.29	\$43,927.53	\$29,618.00	3rd IRMAA Bracket
2053	90	\$75,384.17	\$34,410.26	\$12,282.28	\$18,857.98	\$46,692.54	\$28,691.63	3rd IRMAA Bracket

Impact on Social Security Check (Mrs. Valued Client)

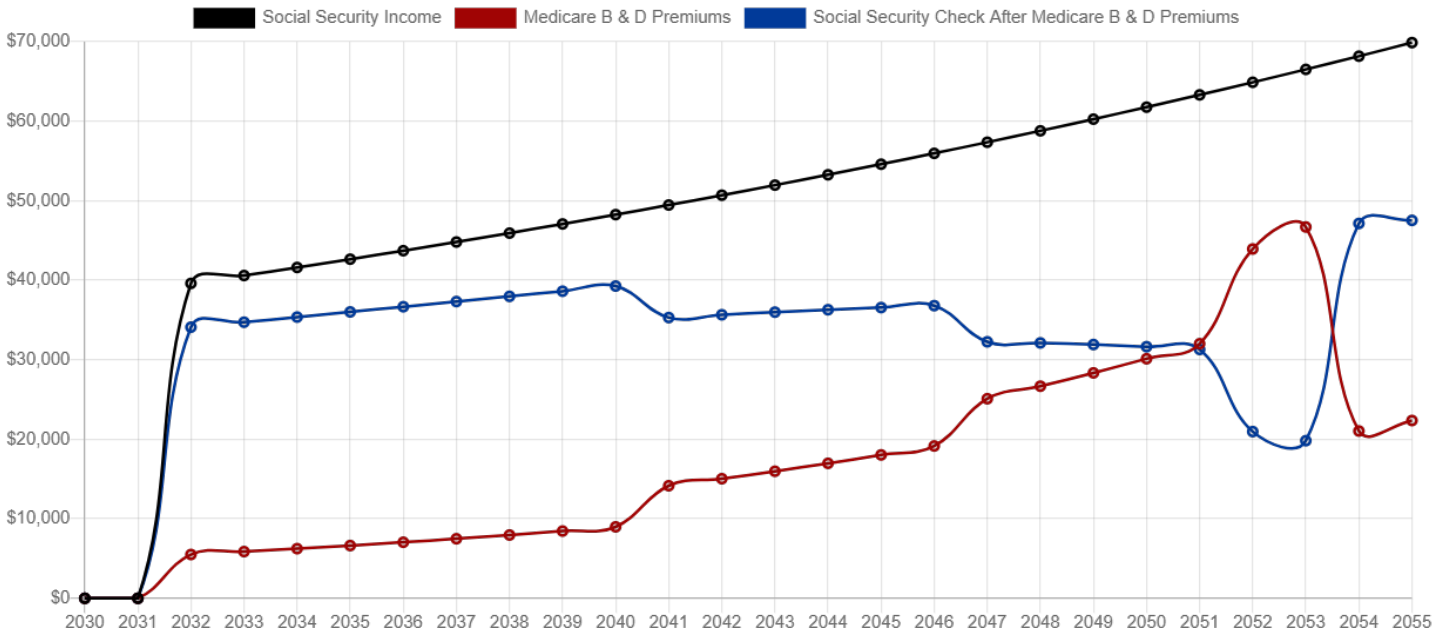
Year	Age	SSA Income	Part B	Part D	Medigap	Total Cost	Remaining SSA Income	IRMAA Bracket
2030	65	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	None
2031	66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	None
2032	67	\$39,600.00	\$3,576.19	\$1,929.40	\$3,104.55	\$5,505.59	\$34,094.41	None
2033	68	\$40,590.00	\$3,827.60	\$2,045.16	\$3,342.02	\$5,872.76	\$34,717.24	None
2034	69	\$41,604.75	\$4,072.56	\$2,167.87	\$3,615.71	\$6,240.43	\$35,364.32	None
2035	70	\$42,644.87	\$4,333.21	\$2,297.94	\$3,916.36	\$6,631.15	\$36,013.72	None
2036	71	\$43,710.99	\$4,610.53	\$2,435.82	\$4,248.05	\$7,046.35	\$36,664.64	None
2037	72	\$44,803.77	\$4,905.61	\$2,581.97	\$4,608.95	\$7,487.58	\$37,316.19	None
2038	73	\$45,923.86	\$5,219.56	\$2,736.89	\$4,998.49	\$7,956.45	\$37,967.41	None
2039	74	\$47,071.96	\$5,553.62	\$2,901.10	\$5,419.34	\$8,454.72	\$38,617.24	None
2040	75	\$48,248.75	\$5,909.05	\$3,075.17	\$5,876.11	\$8,984.21	\$39,264.54	None
2041	76	\$49,454.97	\$8,271.83	\$5,883.58	\$6,367.61	\$14,155.41	\$35,299.56	1st IRMAA Bracket
2042	77	\$50,691.35	\$8,801.23	\$6,236.60	\$6,893.23	\$15,037.82	\$35,653.53	1st IRMAA Bracket
2043	78	\$51,958.63	\$9,364.50	\$6,610.79	\$7,459.68	\$15,975.30	\$35,983.34	1st IRMAA Bracket
2044	79	\$53,257.60	\$9,963.83	\$7,007.44	\$8,075.46	\$16,971.27	\$36,286.33	1st IRMAA Bracket
2045	80	\$54,589.04	\$10,601.52	\$7,427.89	\$8,752.60	\$18,029.40	\$36,559.63	1st IRMAA Bracket
2046	81	\$55,953.76	\$11,280.01	\$7,873.56	\$9,487.67	\$19,153.57	\$36,800.19	1st IRMAA Bracket
2047	82	\$57,352.61	\$17,142.76	\$7,954.60	\$10,270.18	\$25,097.37	\$32,255.24	2nd IRMAA Bracket
2048	83	\$58,786.42	\$18,239.90	\$8,431.88	\$11,120.06	\$26,671.78	\$32,114.64	2nd IRMAA Bracket
2049	84	\$60,256.08	\$19,407.25	\$8,937.79	\$12,034.41	\$28,345.04	\$31,911.04	2nd IRMAA Bracket
2050	85	\$61,762.49	\$20,649.32	\$9,474.06	\$13,006.62	\$30,123.38	\$31,639.11	2nd IRMAA Bracket
2051	86	\$63,306.55	\$21,970.87	\$10,042.50	\$14,000.94	\$32,013.38	\$31,293.17	2nd IRMAA Bracket
2052	87	\$64,889.21	\$32,340.47	\$11,587.06	\$15,055.94	\$43,927.53	\$20,961.68	3rd IRMAA Bracket

Year	Age	SSA Income	Part B	Part D	Medigap	Total Cost	Remaining SSA Income	IRMAA Bracket
2053	88	\$66,511.44	\$34,410.26	\$12,282.28	\$16,182.48	\$46,692.54	\$19,818.90	3rd IRMAA Bracket
2054	89	\$68,174.23	\$14,083.16	\$6,952.66	\$17,389.72	\$21,035.82	\$47,138.40	None
2055	90	\$69,878.58	\$14,984.49	\$7,369.82	\$18,675.37	\$22,354.31	\$47,524.28	None

Mr. Valued Client's Medicare Expenses Effect On Social Security Income



Mrs. Valued Client's Medicare Expenses Effect On Social Security Income



Income and Cost Breakdown by Year

Year	Mr. Valued's Age	Mrs. Valued's Age	Total Income	Income for Medicare	Part B Projected	Part D Projected	MediGap Projected	Total Cost	Income Remaining After Cost	IRMAA Bracket
2028	65	63	\$35,991.96	\$35,991.96	\$2,774.52	\$1,528.26	\$2,652.90	\$6,955.68	\$29,036.28	None
2029	66	64	\$35,991.96	\$35,991.96	\$2,972.34	\$1,619.96	\$2,855.49	\$7,447.80	\$28,544.16	None
2030	67	65	\$110,711.88	\$110,711.88	\$6,291.85	\$3,434.32	\$5,747.80	\$15,473.97	\$95,237.91	None
2031	68	66	\$111,779.88	\$111,779.88	\$6,685.09	\$3,640.37	\$6,202.78	\$16,528.24	\$95,251.64	None
2032	69	67	\$152,474.58	\$152,474.58	\$7,152.38	\$3,858.80	\$6,722.19	\$17,733.36	\$134,741.22	None
2033	70	68	\$154,586.65	\$154,586.65	\$7,655.19	\$4,090.32	\$7,280.69	\$19,026.21	\$135,560.44	None
2034	71	69	\$156,751.52	\$156,751.52	\$8,145.12	\$4,335.74	\$7,888.37	\$20,369.24	\$136,382.28	None
2035	72	70	\$158,970.51	\$158,970.51	\$8,666.41	\$4,595.89	\$8,552.56	\$21,814.86	\$137,155.64	None
2036	73	71	\$168,696.34	\$168,696.34	\$9,221.06	\$4,871.64	\$9,278.00	\$23,370.70	\$145,325.64	None
2037	74	72	\$174,068.70	\$174,068.70	\$9,811.21	\$5,163.94	\$10,063.33	\$25,038.48	\$149,030.23	None
2038	75	73	\$186,123.48	\$186,123.48	\$10,439.13	\$5,473.78	\$10,914.49	\$26,827.39	\$159,296.08	None
2039	76	74	\$194,519.64	\$194,519.64	\$11,107.23	\$5,802.20	\$11,831.44	\$28,740.87	\$165,778.77	None
2040	77	75	\$202,944.03	\$202,944.03	\$11,818.09	\$6,150.34	\$12,820.07	\$30,788.50	\$172,155.53	None
2041	78	76	\$212,047.03	\$212,047.03	\$16,543.66	\$11,767.16	\$13,884.22	\$42,195.04	\$169,852.00	1st IRMAA Bracket
2042	79	77	\$221,401.73	\$221,401.73	\$17,602.45	\$12,473.19	\$15,031.79	\$45,107.44	\$176,294.29	1st IRMAA Bracket
2043	80	78	\$231,454.96	\$231,454.96	\$18,729.01	\$13,221.58	\$16,281.70	\$48,232.29	\$183,222.68	1st IRMAA Bracket
2044	81	79	\$241,654.08	\$241,654.08	\$19,927.66	\$14,014.88	\$17,638.83	\$51,581.37	\$190,072.71	1st IRMAA Bracket
2045	82	80	\$252,743.93	\$252,743.93	\$21,203.03	\$14,855.77	\$19,105.47	\$55,164.27	\$197,579.65	1st IRMAA Bracket
2046	83	81	\$263,611.23	\$263,611.23	\$22,560.03	\$15,747.12	\$20,699.13	\$59,006.28	\$204,604.95	1st IRMAA Bracket
2047	84	82	\$275,810.86	\$275,810.86	\$34,285.52	\$15,909.21	\$22,403.49	\$72,598.22	\$203,212.64	2nd IRMAA Bracket
2048	85	83	\$287,646.13	\$287,646.13	\$36,479.80	\$16,863.76	\$24,236.93	\$77,580.49	\$210,065.64	2nd IRMAA Bracket
2049	86	84	\$300,406.00	\$300,406.00	\$38,814.50	\$17,875.59	\$26,156.76	\$82,846.85	\$217,559.15	2nd IRMAA Bracket
2050	87	85	\$313,208.93	\$313,208.93	\$41,298.63	\$18,948.12	\$28,198.70	\$88,445.45	\$224,763.48	2nd IRMAA Bracket
2051	88	86	\$325,705.76	\$325,705.76	\$43,941.74	\$20,085.01	\$30,332.66	\$94,359.41	\$231,346.36	2nd IRMAA Bracket
2052	89	87	\$339,411.78	\$339,411.78	\$64,680.94	\$23,174.11	\$32,610.23	\$120,465.28	\$218,946.50	3rd IRMAA Bracket
2053	90	88	\$351,911.47	\$351,911.47	\$68,820.52	\$24,564.56	\$35,040.46	\$128,425.54	\$223,485.93	3rd IRMAA Bracket

Income Used by Medicare

Income Ignored by Medicare

Year	Mr. Valued's Age	Mrs. Valued's Age	Mr. Valued's IRA	Mr. Valued's 401K	Mr. Valued's Social Security	Mrs. Valued's IRA	Mrs. Valued's 401K	Mrs. Valued's Social Security	Total
2028	65	63	\$3,999.96	\$31,992.00	0	0	0	0	\$35,991.96
2029	66	64	\$3,999.96	\$31,992.00	0	0	0	0	\$35,991.96
2030	67	65	\$3,999.96	\$31,992.00	\$42,720.00	\$12,000.00	\$19,999.92	0	\$110,711.88
2031	68	66	\$3,999.96	\$31,992.00	\$43,788.00	\$12,000.00	\$19,999.92	0	\$111,779.88
2032	69	67	\$3,999.96	\$31,992.00	\$44,882.70	\$12,000.00	\$19,999.92	\$39,600.00	\$152,474.58
2033	70	68	\$3,999.96	\$31,992.00	\$46,004.77	\$12,000.00	\$19,999.92	\$40,590.00	\$154,586.65
2034	71	69	\$3,999.96	\$31,992.00	\$47,154.89	\$12,000.00	\$19,999.92	\$41,604.75	\$156,751.52
2035	72	70	\$3,999.96	\$31,992.00	\$48,333.76	\$12,000.00	\$19,999.92	\$42,644.87	\$158,970.51
2036	73	71	\$4,826.68	\$38,616.65	\$49,542.10	\$12,000.00	\$19,999.92	\$43,710.99	\$168,696.34
2037	74	72	\$5,164.55	\$41,319.81	\$50,780.66	\$12,000.00	\$19,999.92	\$44,803.77	\$174,068.70
2038	75	73	\$5,503.61	\$44,032.47	\$52,050.17	\$14,480.00	\$24,133.37	\$45,923.86	\$186,123.48
2039	76	74	\$5,864.01	\$46,915.95	\$53,351.43	\$15,493.60	\$25,822.70	\$47,071.96	\$194,519.64
2040	77	75	\$6,219.69	\$49,761.64	\$54,685.21	\$16,510.76	\$27,517.97	\$48,248.75	\$202,944.03
2041	78	76	\$6,624.82	\$53,002.93	\$56,052.34	\$17,591.97	\$29,319.99	\$49,454.97	\$212,047.03
2042	79	77	\$7,054.96	\$56,444.35	\$57,453.65	\$18,659.01	\$31,098.40	\$50,691.35	\$221,401.73
2043	80	78	\$7,511.44	\$60,096.47	\$58,889.99	\$19,874.39	\$33,124.03	\$51,958.63	\$231,454.96
2044	81	79	\$7,954.38	\$63,640.30	\$60,362.24	\$21,164.82	\$35,274.74	\$53,257.60	\$241,654.08
2045	82	80	\$8,465.18	\$67,727.04	\$61,871.30	\$22,534.24	\$37,557.12	\$54,589.04	\$252,743.93
2046	83	81	\$8,955.40	\$71,649.09	\$63,418.08	\$23,863.07	\$39,771.83	\$55,953.76	\$263,611.23
2047	84	82	\$9,525.24	\$76,208.19	\$65,003.53	\$25,395.46	\$42,325.83	\$57,352.61	\$275,810.86
2048	85	83	\$10,064.61	\$80,523.48	\$66,628.62	\$26,866.10	\$44,776.90	\$58,786.42	\$287,646.13
2049	86	84	\$10,627.43	\$85,026.44	\$68,294.34	\$28,575.62	\$47,626.10	\$60,256.08	\$300,406.00
2050	87	85	\$11,213.41	\$89,714.70	\$70,001.69	\$30,193.71	\$50,322.92	\$61,762.49	\$313,208.93
2051	88	86	\$11,735.61	\$93,892.65	\$71,751.74	\$31,882.18	\$53,137.03	\$63,306.55	\$325,705.76
2052	89	87	\$12,362.42	\$98,907.54	\$73,545.53	\$33,640.12	\$56,066.95	\$64,889.21	\$339,411.78
2053	90	88	\$12,902.52	\$103,228.67	\$75,384.17	\$35,206.72	\$58,677.95	\$66,511.44	\$351,911.47
2054	91	89	0	0	0	\$37,087.14	\$61,811.99	\$68,174.23	\$167,073.36
2055	92	90	0	0	0	\$38,707.43	\$64,512.47	\$69,878.58	\$173,098.48

There is no income ignored by Medicare

2025 IRMAA Brackets

Individual MAGI	Couples MAGI	Part B	Part D
< \$106k	< \$212k	\$185.00	\$
\$106k - \$133k	\$212k - \$266k	\$259.00	\$0.00
\$133k - \$167k	\$266k - \$334k	\$370.00	\$0.00
\$167k - \$200k	\$334k - \$400k	\$480.90	\$0.00
\$200k - \$500k	\$400k - \$750k	\$591.90	\$0.00
> \$500k	> \$750k	\$628.90	\$0.00

Definition of Income used for IRMAA:

According to the Centers for Medicare Services (CMS) income used to calculate IRMAA is defined as:

“Adjusted gross income plus any tax-exempt interest received” or everything on lines 2a and 8b of the 2020 IRS form 1040.

When determining IRMAA the IRS provides CMS with your tax return from the previous 2 years. An appeal is always available. It's strongly recommended that you speak with your financial professional to determine if in fact you are in the IRMAA bracket determined.

Please remember the 4th Rule of Retirement:

The bulk of your Medicare premiums plus any IRMAA surcharges you may receive are automatically deducted from any Social Security benefit you may receive.

Information on the Data

Premiums

Part B Premiums: Data provided by Medicare.gov

Part D Premiums: (prescription drug coverage): is compiled from all participating health insurance providers within each state: Premiums, which include non-tobacco and tobacco are then averaged for the mean premium.

Supplemental Plans: data is compiled from all participating health insurance providers within each state. Premiums are based on a Medigap Plan G policy by age, gender as well as tobacco use.

Please consult with a health coverage professional as rates are based on the specific states average.

Medicare Inflation Rates

All Medicare projected inflation rates are based on detailed information provided by the Medicare Board of Trustees Report.

According to the Medicare Board of Trustees the projected inflation rates from 2023 to 2028 are:

- Medicare Part B Premiums: 6.33%
- Medicare Part D Premiums: 5.19%
- Medigap Plan G Premiums: 5.77% (This inflation rate is based on the projected annual costs of the Medicare Part A Deductible as well as the historic average annual increase in Plan G policies for the past 5 years).

Social Security Cost of Living Adjustment (COLA)

Social Security cost-of-living-adjustments (COLA) are based on detailed information provided by the Social Security Board of Trustees report.

According to the Social Security Board of Trustees the projected COLA between the years of 2023 to 2030 is projected to be no greater than 2.40%.

In Retirement Health Coverage through Medicare is Mandatory.

With changes to Social Security's Program Operations Manual system (POMS) those who are retired, 65 years-old or older and who are no longer covered by creditable health coverage through an employer or spouse's employer must accept Medicare to receive their Social Security benefit.

This ruling was challenged in 2005 by an appellant known as J.J.K. who "did not wish to enroll in Medicare HI benefits when he applied for Social Security benefits" and that "he wanted only to receive the retirement benefits but was not permitted to opt out of HI".

By 2009 the Department of Health Human Services (DHS) issued a ruling that in order to "withdraw from the HI program (Medicare), an individual must submit written request for withdrawal and must refund any Social Security benefits paid on his/her behalf."

DHS' ruling was based on the conclusion that "retirement benefits were "awarded along with Medicare Part A" and that he "cannot waive the entitlement to Medicare Part A" and be paid only the retirement benefits because "Part A entitlement is tied to monthly benefits."

In 2009 this rule was challenged again by Brian Hall who sued for the right to receive only his Social Security benefit while not enrolling into Medicare. This case is known as "[Hall vs. Sebelius](#)".

[Federal Judge Rosemary Collyer](#), in 2011, dismissed the case and ruled that by not enrolling would be "contrary to congressional intent, which was to provide mandatory benefits under Medicare Part A for those receiving Social Security Retirement benefits".

This ruling was then appealed further to the United State Court of Appeals, [No. 11-5076](#), which concluded that "An individual is statutorily entitled to Medicare Part A upon becoming entitled to monthly Social Security retirement benefits (SSRB)."

In the decision it was further added that "Individuals entitled to monthly benefits which confer eligibility for HI **may not waive HI entitlement**. The only way to avoid HI entitlement is through withdrawal of the monthly benefit application. Withdrawal requires repayment of all [SSRB] and HI benefit payments made".

Per federal regulation to receive your Social Security benefit, you must accept Medicare.

Your greatest asset is your health, the time to plan for it is today.

What is IRMAA?

According to Medicare.gov if you generate too much income while in Medicare federal law requires an adjustment to your monthly Medicare Part B and Part D premiums. This surcharge is known as the **Income Related Monthly Adjustment Amount** or **IRMAA** for short

In 2025 the IRMAA brackets for having too much income are as follows:

Individual MAGI	Couples MAGI	Part B	Part D
< \$106k	< \$212k	\$185.00	\$
\$106k - \$133k	\$212k - \$266k	\$259.00	\$0.00
\$133k - \$167k	\$266k - \$334k	\$370.00	\$0.00
\$167k - \$200k	\$334k - \$400k	\$480.90	\$0.00
\$200k - \$500k	\$400k - \$750k	\$591.90	\$0.00
> \$500k	> \$750k	\$628.90	\$0.00

How Medicare defines income for IRMAA:

Medicare defines income for IRMAA to be “your adjusted gross income plus any tax-exempt interest you may have” or everything on lines 2a and 8b or the IRS form 1040 in tax-year 2020.

Some examples of IRMAA income are:

	Distributions from:
Social Security benefits	
Wages	Traditional 401(k)
Pension and Rental Income	Traditional IRA
Interest	Traditional 403(b)
Capital Gains	Traditional Sep-IRA
Dividends (including municipalities)	Qualified investments and Annuities

What is the process in how Medicare implements IRMAA:

Medicare will look at your past two years tax returns, which they receive from the IRS. If you do reach an IRMAA bracket you will be notified by Social Security.

Please note: Medicare can only charge you on income that you earn while you are enrolled in Medicare. If you feel as though as you should not be in an IRMAA bracket, there is always the option to appeal.

In retirement income is a must, but it must be the right kind of income.

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What is Income

In retirement there is one absolute: you must enroll into Medicare when eligible in order to receive your Social Security benefit. Failure to do so will lead to a forfeiture of all current, future and past Social Security benefits.

The other absolute is that your Medicare premiums, the bulk of them, are deducted directly through your Social Security benefit.

Medicare also happens to be “means tested” through the Income Related Monthly Adjustment Amount (IRMAA). This means that when you enroll into Medicare if you happen to be earning “too much income” there will be added surcharges on top of your Medicare Part B and D premiums.

Medicare defines income for IRMAA as:

“Adjusted gross income plus any tax-exempt interest” or everything on lines 2a and 8b of the IRS 2020 tax-year form 1040.

Some examples of income are:

Social Security benefits	Traditional 401(k) Distributions
Wages	Traditional IRA Distributions
Pension and Rental Income	Traditional 403(b)
Interest	Traditional Sep-IRA Distributions
Capital Gains	Traditional 457 Distributions
Dividends (including municipalities)	Qualified investments and Annuities

Some examples of does not count as income in terms of Medicare's IRMAA are:

Roth accounts	Life Insurance
Health Savings Accounts	Primary Residency (Home Equity)
401(h) plans	Certain Annuities

In order to control your mandatory health costs as well as save a large portion of your Social Security benefit, properly planning to generate the right type of income is a must.

Your Social Security benefit is not what you think it will be!

When it comes to planning for retirement Social Security is a big part of the plan. The plan must also include the federal regulations that comes with Social Security too.

The Federal Regulations of Social Security:

1. You must accept Medicare when you are eligible to receive your Social Security benefit.
 - Eligibility for Medicare starts at age 65 years-old and when you are no longer covered by creditable health insurance through an employer or spouse's employee.
2. Your Social Security benefit will pay the bulk of your Medicare premiums.

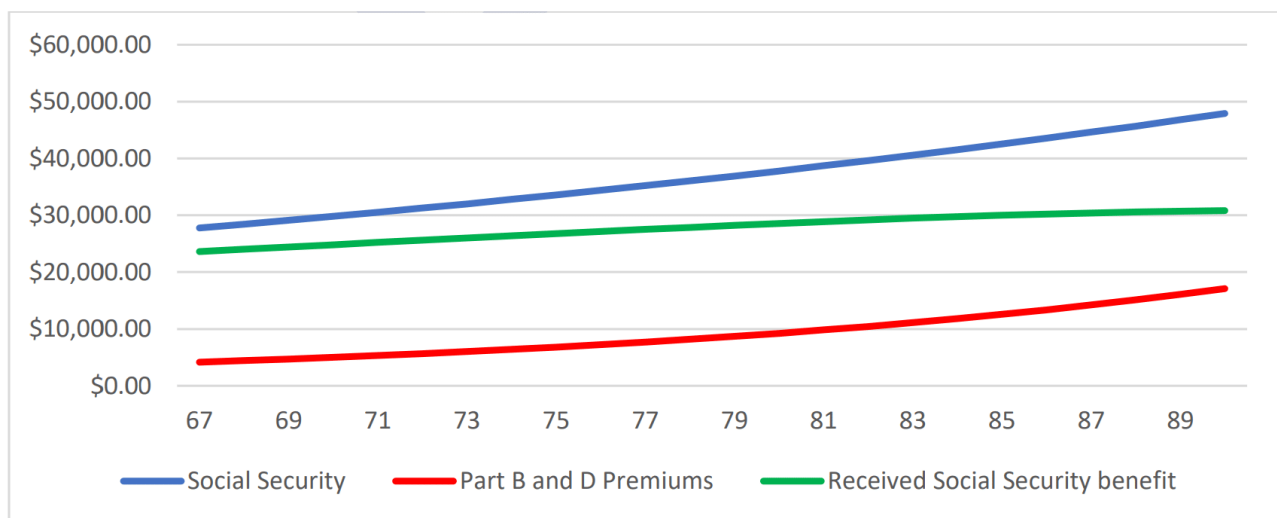
Why you need to plan:

1. Social Security benefits increase each year through the cost-of-living adjustment (COLA). Social Security is projecting the highest COLA to be no greater than 2.4% (pre-Covid).
2. The Medicare Board of Trustees projects that Medicare premiums will inflate by over 6.2% (pre-Covid) annually for the next 8 years.

An example of what to expect from your Social Security benefit:

Person A is 60 years old, plans to retire age 67 and is earning \$65,000 while working. Social Security's Quick Calculator projects their benefit to be \$27,678 when they retire.

Through retirement Medicare premiums will, unfortunately, take a big bite out of Person A's actual take home Social Security benefit as seen in the graph below:



Social Security is a big part of income in retirement, but with the federal regulations of Social Security and Medicare another form of income is a must.

Your health is your greatest asset, the time to plan for it is today.

Parts of Medicare



PART A

Hospital Insurance

Part A covers hospitalization, skilled nursing, home healthcare, and hospice. It is free to everyone who has paid the Medicare payroll tax (1.45% of wages) for at least 40 quarters (10 years). Their spouses, exspouses, and survivors are also eligible for free Part A. People over 65 with fewer than 40 quarters may obtain Part A by paying a monthly premium



PART B

Medical Insurance

Part B, which covers physician's services, diagnostic X-rays, lab tests, and certain preventative services, is available to everyone who is eligible for Medicare. Monthly premiums are \$185.00 per month in 2025. Part B premiums are also subject to the Income Related Monthly Adjustment Amount (IRMAA) for those who earn too much income in a given year.



PART C

Medicare Advantage

Medicare Advantage Plans (MA Plans), often called Part C, are health plans offered by private insurers in an all-inclusive format. These plans must offer all of the services under Parts A and B and may also provide Part D. MA Plans may provide additional services that Original Medicare does not provide like dental, vision and hearing.



PART D

Medicare Prescription
Drug Coverage

Part D covers prescription drugs. These Plans are provided through private insurance companies that contract with Medicare. Everyone eligible for Medicare is eligible for Part D. No one can be denied coverage if they sign up within a specified time period.



Supplemental

Medigap Coverage

Supplemental Plans or Medigap Plans are offered by private health insurance companies that provide coverage to fill in the "gaps" that often come with Original Medicare (Parts A and B), which are co-pays, deductibles, and excess charges.

The Costs of Medicare

Due to legislative changes, in order to collect your Social Security benefit, you must enroll for Medicare when eligible. Failing to do so will result in the forfeiture all current, future, and past Social Security benefits.

Great news is that Medicare is a fantastic program for those who utilize the program prudently, but keep in mind that it is not free.

In 2022, Original Medicare for those who are planning to be fully insured costs:

Part A	Subsidized premium
Part B	\$164.90 a month
Part B Deductible	\$226.00 per person
Part D	\$84.06 a month (Premium & Deductible)
Part C	Determined by Provider
Supplemental (Medigap Plan G)	\$187.83 a month
Average Annual	\$5,241.48 per person
Cost per Couple	\$10,482.96 per couple

Sources: Medicare.gov, IRMAA Solutions.

All premiums are based on a national average and may be different depending on residency, age, and income.

The Medicare Board of Trustees is projecting that Medicare premiums will inflate by 5.54% through 2028 (pre-Inflation Reduction Act).

For a 60-year-old couple who is planning to both retire at age 67, their projected cost for Medicare coverage through the age of 90 is just over \$750,000.00 on a National Average.

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