

The Medicare Surprise Most Retirees Don't See Coming

Understanding IRMAA in 2026

A guide from Focused Health Access, LLC | focusedhealthaccess.com

Most people approaching Medicare understand they'll pay a monthly premium for Part B and Part D. What catches them off guard is a quiet little surcharge called **IRMAA** — the Income-Related Monthly Adjustment Amount — which can quietly add anywhere from **\$1,000 to over \$5,800 per year** to a couple's Medicare costs, often based on income they earned two years ago.

At **Focused Health Access**, we work with clients every week who learn about IRMAA the hard way — when they open a Social Security letter notifying them of premiums that are double or triple what they expected. If you're approaching 65 or already enrolled, IRMAA is one of the most consequential — and most misunderstood — parts of the Medicare landscape. Here's what every higher-income beneficiary needs to know for 2026.

What IRMAA Actually Is

IRMAA is a surcharge added to your standard Medicare Part B and Part D premiums when your income exceeds certain thresholds. It was introduced in 2003 and expanded several times since. The logic, as Congress put it, is that higher-income beneficiaries should pay a larger share of Medicare's cost. The standard premium covers about 25% of program costs; IRMAA payers cover 35%, 50%, 65%, 80%, or 85%, depending on the bracket.

About **8% of Medicare beneficiaries pay IRMAA each year** — but that share rises significantly among professionals, business owners, and anyone with substantial retirement income.

The 2026 Brackets (Based on 2024 Income)

Your 2026 IRMAA is determined by your **2024 Modified Adjusted Gross Income (MAGI)** — the most recent tax return Social Security has on file. That two-year lookback is what trips most people up.

The standard Part B premium for 2026 is **\$202.90 per month**. Here's how IRMAA stacks on top:

2024 MAGI (Single)	2024 MAGI (Joint)	Total Part B	Part D Surcharge
≤ \$109,000	≤ \$218,000	\$202.90	\$0.00
≤ \$137,000	≤ \$274,000	\$284.10	+\$14.50
≤ \$171,000	≤ \$342,000	\$405.80	+\$37.40

≤ \$205,000	≤ \$410,000	\$527.50	+\$60.30
< \$500,000	< \$750,000	\$649.20	+\$83.20
≥ \$500,000	≥ \$750,000	\$689.90	+\$91.00

For a married couple both on Medicare in the highest bracket, IRMAA can add over \$13,700 per year to their healthcare costs.

The "Cliff" Problem

IRMAA isn't a sliding scale — it's a series of cliffs. Crossing a threshold by **even one dollar** moves you to the next bracket for the full year. A couple at \$217,999 of MAGI pays the standard premium. A couple at \$218,001 pays an extra \$1,948 per year combined.

This is why proactive income planning in the years leading up to Medicare — and during retirement — matters so much.

What Counts Toward MAGI

MAGI for IRMAA purposes is your Adjusted Gross Income **plus tax-exempt interest** (typically from municipal bonds). Specifically, it includes:

- Wages and self-employment income
- Pension and IRA withdrawals
- Roth conversions
- Capital gains and dividends
- Taxable Social Security benefits
- Tax-exempt municipal bond interest
- Rental income

What it doesn't include: Roth IRA distributions, Health Savings Account (HSA) withdrawals for qualified expenses, and the non-taxable portion of Social Security benefits.

Common Triggers That Push People Into IRMAA

These are the events we most often see catch clients off guard:

A large one-time event two years before Medicare. Selling a business, exercising stock options, or selling a long-held property in 2024 can push 2026 IRMAA into a high bracket even if 2026 income is modest.

Required Minimum Distributions (RMDs). Once RMDs begin at age 73, mandatory withdrawals from traditional IRAs and 401(k)s can spike MAGI substantially.

Roth conversions. A smart long-term tax move, but the conversion year's income can trigger IRMAA two years later. Timing matters.

Capital gains realizations. Selling appreciated investments — especially in a single concentrated year — is a frequent culprit.

Inherited IRA distributions. Under SECURE Act rules, most non-spouse beneficiaries must drain inherited IRAs within 10 years, often during their peak earning years.

Strategies to Manage IRMAA

The good news: with planning, IRMAA is largely manageable. Common strategies include:

Smoothing income across years — spreading Roth conversions, capital gains realization, or business sale proceeds over multiple tax years to stay below bracket thresholds.

Strategic use of Roth accounts — Roth IRA distributions don't count toward MAGI and provide tax-free retirement income that doesn't push you into a higher IRMAA tier.

Qualified Charitable Distributions (QCDs) — IRA owners over 70½ can send up to \$108,000 (2025 limit, indexed) directly from an IRA to a qualified charity. The distribution counts toward RMDs but does not add to MAGI.

Tax-loss harvesting — offsetting realized gains with losses to keep MAGI below a threshold.

Coordinating with your CPA, financial advisor, and Medicare broker — IRMAA planning sits at the intersection of all three. The most expensive mistakes happen when these professionals don't talk to each other.

The Most Underused Tool in Medicare: Form SSA-44

If your circumstances have changed since the tax year Social Security used to set your IRMAA, you may not have to live with that bill. The Social Security Administration recognizes that a return from two years ago doesn't always reflect what's happening in your life today — so they built an appeal process around what they call "**life-changing events.**"

The form is **SSA-44, "Medicare Income-Related Monthly Adjustment Amount – Life-Changing Event."** It's free, you can file it yourself, and it's one of the most overlooked tools in the entire Medicare system.

The Eight Qualifying Life-Changing Events

Social Security will reconsider your IRMAA if any of the following has happened to you or your spouse:

1. **Marriage**
2. **Divorce or annulment**
3. **Death of your spouse**
4. **Work stoppage** — retirement, layoff, or otherwise ceasing employment
5. **Work reduction** — a significant drop in hours or income (such as moving from full-time to part-time)

6. **Loss of income-producing property** — due to a disaster, theft, or other event outside your control (note: *voluntarily* selling property does not qualify)
7. **Loss or reduction of certain pension income** — for example, a pension plan failure or scheduled benefit reduction
8. **Employer settlement payment** — an unusual lump sum tied to an employer's bankruptcy or reorganization

The most common scenario we see at Focused Health Access: a client retires in 2025, then opens a 2026 Medicare premium notice based on their 2024 working income and is shocked at the surcharge. **That's a textbook work-stoppage appeal.** The same applies if a spouse passed away — the surviving spouse may be assessed at married-filing-jointly thresholds while their actual income has dropped significantly.

What You'll Need to File SSA-44

The form is short — two pages, plus an instructions page — but Social Security expects supporting documentation. What to gather before you start:

- **Proof of the life-changing event.** Examples: a signed letter from your employer confirming the date of retirement, a death certificate, a divorce decree, a marriage certificate, or documentation of property loss.
- **An estimate of your expected MAGI** for the year you're requesting the adjustment (and, if applicable, the following year). Be conservative and reasonable — Social Security will reconcile against your actual tax return later.
- **A copy of a more recent tax return** if you've already filed one that reflects the lower income.

How and Where to File

- **Mail** the completed SSA-44 to your local Social Security office (find yours at ssa.gov/locator)
- **Fax** it to your local office
- **Bring it in person** to a Social Security office (appointments usually required; call 1-800-772-1213)

Download the current form directly from Social Security: ssa.gov/forms/ssa-44.pdf

Timeline and What to Expect

Most decisions come back within **30 to 60 days**, though it can take longer during heavy enrollment seasons. If approved, your IRMAA is adjusted prospectively — and in many cases retroactively to the start of the year. If denied, you have additional appeal rights through the SSA reconsideration process and, ultimately, an administrative law judge if needed.

A Few Practical Tips

- **File as soon as the life-changing event happens.** You don't need to wait for an IRMAA letter to arrive. If you retired in October, you can file SSA-44 immediately for the upcoming Medicare year.
- **Keep copies of everything you submit.** Social Security has been known to misplace mailed documents.
- **Don't be intimidated by the form.** The SSA-44 is plain-language and self-explanatory. Most clients can complete it in 20–30 minutes with the right documentation.

- **Get help if your situation is complex.** Multiple overlapping events (retirement + spouse's death + pension reduction, for example) are worth walking through with a Medicare broker or financial advisor before filing.

What If My Event Isn't on the List?

If your income dropped for a reason that *isn't* one of the eight life-changing events — for example, a one-time capital gain from selling a home, or a Roth conversion you regret — the SSA-44 won't help. The good news is that IRMAA is **reassessed every year**, so your surcharge will reset automatically when your lower MAGI shows up on Social Security's radar the following year. You're not penalized for life.

The Bottom Line

IRMAA rewards planning and punishes surprises. Whether you're three years from Medicare or already enrolled, the income decisions you're making *right now* are setting your premiums two years from today.

Approaching 65? Recently retired? Surprised by an IRMAA notice?

Let's talk. A 30-minute conversation with Focused Health Access can save you years of unnecessary surcharges.

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Focused Health Access, LLC helps Medicare-eligible individuals and their advisors navigate enrollment, coverage selection, and the financial planning decisions that shape lifetime Medicare costs. We work alongside your CPA and financial advisor to make sure your Medicare strategy fits the bigger picture.

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