STANDER FINANCIAL

YOUR INCOME WENT DOWN. YOUR MEDICARE WENT UP.



Think Medicare costs the same for everyone? Think again. Higher income can trigger hundreds, or even thousands, in additional Medicare premiums.

WHAT IS IRMAA?

You're entering retirement, earning less than you did while you were working, and suddenly notice your Medicare premiums have doubled.

All because of your income 2 years ago.

That's where **IRMAA**, or the **Income-Related Monthly Adjustment Amount**, comes in.

IRMAA is an additional surcharge added to Medicare Part B and Part D premiums for people whose income exceeds certain thresholds.

The higher your income → The more you may pay for Medicare

THE TWO-YEAR LOOKBACK YOU MIGHT MISS

Your Medicare premium is generally based on income reported on your tax return from **two years earlier.**

That means you could be fully retired and earning far less today, while Medicare is still basing your premiums on income from one of your highest-earning years.

2026 Quick Reference

Single	Married Filing Jointly
IRMAA begins above: **$109,000**	IRMAA begins above: **$218,000**

Even $1 over an IRMAA threshold can move you into the next premium tier.

IT'S NOT JUST YOUR INCOME...

One of the biggest misconceptions about IRMAA is what Medicare considers income.

IRA Withdrawals
Need $20,000 for a new roof, car, or another large expense?

Taking that money from a traditional IRA can increase taxable income and potentially push you across an IRMAA threshold.

Roth Conversions
Roth conversions can be a powerful retirement planning tool, but the amount converted generally increases taxable income for that year.

Selling Appreciated Investments or a Business
Selling an investment with a large gain or selling a business as you enter retirement can create significant taxable income and potentially affect IRMAA.

Selling Your Home
Some home-sale gains may be excluded from taxable income, but gains above the applicable exclusion can increase income and potentially affect your Medicare premiums.

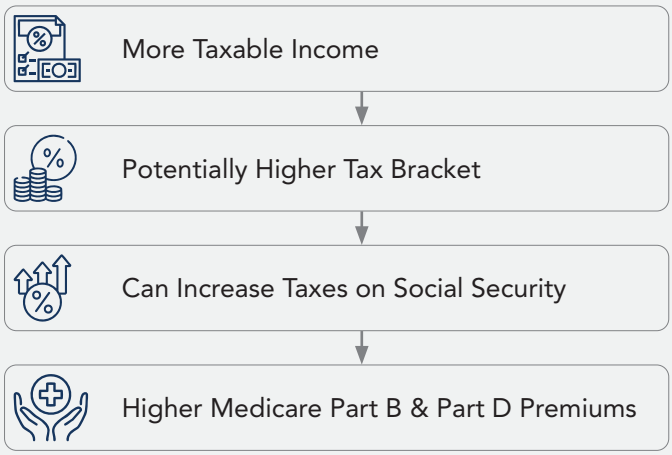
Required Minimum Distributions
Large required distributions from traditional retirement accounts can increase taxable income, potentially increase the taxation of Social Security, and push retirees into higher Medicare premium tiers.

The RMD Tax Trap: What Retirees Need to Know

RMDs can become especially important later in retirement. We have an entire video on Resilient-Retirement.com specific to this topic.

THE BIGGER PICTURE

A large increase in retirement income can create a ripple effect.



One financial decision can have an impact across several different areas of your retirement plan.

BEFORE YOU MAKE A BIG FINANCIAL DECISION...

A large withdrawal, Roth conversion, or sale could have consequences beyond your tax bill.

Before you act, consider:

- ✓ How will this affect my taxable income?
- ✓ Could it increase my Medicare premiums two years from now?
- ✓ Could I spread the income across multiple years?
- ✓ Have I considered the full tax and Medicare impact?

CAN YOU APPEAL IRMAA?

Sometimes, Yes.

If your income has dropped because of certain life-changing events, you may be able to ask Social Security to reconsider your IRMAA determination.

Examples can include:

- Retirement or work stoppage
- Death of a spouse
- Divorce
- Other qualifying life-changing events

Form SSA-44
Medicare Income-Related Monthly Adjustment Amount — Life-Changing Event

WHEN A HIGHER PREMIUM MAY BE WORTH IT

Paying higher Medicare premiums doesn't automatically mean you made a bad financial decision.

For example, a Roth conversion may increase your Medicare premiums temporarily but still create significantly greater tax savings over the course of retirement.

The important question isn't simply:

"How do I avoid IRMAA?"

It's:

"Does this decision still make sense after I understand all of the trade-offs?"

The goal isn't to avoid income or IRMAA at all costs. It's to understand the impact and prepare before making the decision.

This commentary reflects the personal opinions, viewpoints and analyses of the author, David Durham. It does not necessarily reflect the views of Foundations Investment Advisors, LLC ("Foundations") and is provided for educational purposes only. The content is subject to change at any time without notice and does not represent an express or implied opinion or endorsement of any specific investment opportunity, investment strategy or planning strategy. Foundations in no way deems reliable any statistical data or information obtained from or prepared by third-party sources in this commentary, nor does Foundations guarantee its accuracy or completeness. No legal or tax advice is provided or intended.

This is not endorsed or affiliated with any federal Medicare program, nor any U.S. government agency. If applicable, we do not offer every plan available in your area and contacting us will direct you to a licensed insurance agent. Any information we provide is limited to those plans we do offer in your area. Please contact Medicare.Gov or 1-800-MEDICARE to get information on all of your options.

A Roth conversion may not be suitable for your situation. The primary goal in converting retirement assets into a Roth IRA is to reduce the future tax liability on the distributions you take in retirement, or on the distributions of your beneficiaries. The information provided is to help you determine whether or not a Roth IRA conversion may be appropriate for your particular circumstances. Please review your retirement savings, tax, and estate/legacy planning strategies with your legal/tax advisor to be sure a Roth IRA conversion fits into your planning strategies.

This is not endorsed or affiliated with the Social Security Administration or any U.S. government agency.

Investment Advisory Services are offered through Foundations Investment Advisors, LLC, an SEC registered investment adviser. The content provided is for educational purposes only. No investment, legal or tax advice is provided. Always consult with a professional.