

Understanding IRMAA: Why Some Retirees Pay More for Medicare

What is the Income-Related Monthly Adjustment Amount (IRMAA)?

- IRMAA is a surcharge applied to your monthly Medicare bill for higher-income retirees
- This surcharge applies to Medicare Part B and Part D premiums if your income exceeds certain thresholds
- IRMAA charges apply whether you have Original Medicare or Medicare Advantage.
- IRMAA applies for each person enrolled in Medicare. For a married couple, the threshold is based on your combined MAGI. If both spouses are enrolled in Medicare, then each pays the surcharge, effectively doubling the annual IRMAA impact
- Any Medicare Part B surcharge will be deducted from your Social Security payment if that is how you normally pay your Medicare Part B costs.
- Any Medicare Part D surcharge will be deducted from your Social Security (or paid directly to Medicare). Unlike your normal Part D payment, surcharges are NOT paid directly to your insurance company.

How is My Income Determined?

- The income that determines your IRMAA bracket is your Modified Adjusted Gross Income (MAGI)
- For IRMAA, this is your Adjusted Gross Income, found on your tax return (Form 1040, line 11) plus tax-exempt interest (such as from municipal bonds: line 2a)
- Common items that raise MAGI include traditional IRA and 401(k) withdrawals, Roth conversions, capital gains from selling a home or investments, pension and annuity income, and the taxable portion of Social Security benefits
- Your current year IRMAA is based on your MAGI from two years prior. For example, the income on your 2025 IRS tax return (filed in 2026) determines the IRMAA you will pay in 2027

IRMAA brackets

- IRMAA brackets are a cliff. If you cross a bracket boundary by a single dollar, you will owe the entire surcharge for that tier for the whole year. For instance, for a single taxpayer, the first cutoff occurs if you MAGI is \$137,000. If your MAGI is \$137,001 instead you will owe the full higher tier — over \$200/month more — not just a few cents more
- The 2027 IRMAA brackets have not yet been released (this typically happens in late October or November.)
- [See the 2026 the IRMAA brackets here.](#)

Automatic IRMAA reductions and IRMAA appeals

- IRMAA is re-evaluated every year as your income changes. If your higher income two years ago was due to a one-time event, such as selling a house or taking a large withdrawal from your IRA, your IRMAA will decrease automatically when your income comes down in the following year. It is helpful to be aware of the IRMAA surcharges when making financial decisions, but it is not the end of the world to pay IRMAA for one year.
- If your income two years ago was higher because you were working at that time, and now your income is significantly lower because you retired, you can appeal the IRMAA initial determination. Use Form SSA-44 to submit an [appeal here](#)
- There are several “life changing events” that qualify for an IRMAA appeal, including retirement or reduction in work hours. See Form SSA-44 for the complete list of acceptable events. See [Medicare Part B Premium Appeals](#) for more information
- If you (or your beneficiary) filed an amended tax return that would affect your IRMAA amount, contact the Social Security Administration so they can update their records

Key Takeaways

- IRMAA is a surcharge applied to your monthly Medicare bill for higher-income retirees
- IRMAA is based on income from 2 years ago
- It's a cliff, not a gradual increase
- Each spouse on Medicare pays their own surcharge
- You can appeal if your income dropped due to retirement

References:

[Social Security Program Operations Manual section covering Medicare](#)

[Medicare costs](#)

[Request for IRMAA waiver](#)