

How Your Tax Return Affects Medicare Premiums

The Medicare Income-Related Monthly Adjustment Amount (IRMAA) is an additional premium amount for Medicare Part B and Part D if your income is above a certain level. The Social Security Administration (SSA) determines if you owe an IRMAA based on your Modified Adjusted Gross Income (MAGI) from two years prior.

For 2025, the SSA will calculate your IRMAA by using your MAGI on your 2023 tax return. The SSA will notify you if they determine that you need to pay additional premiums for Part B or Part D. The notice will explain how the IRMAA is calculated and provide instructions on how to appeal if you believe their calculation is incorrect, your income has gone down, or you have experienced a life-changing event.

The standard monthly Part B premium for 2025 is \$185.00. The table below shows the premium increases based on your 2023 MAGI:

Individuals	Married Couples	2025 Part B monthly premium
\$106,000 or less	\$212,000 or less	\$185.00
\$106,001 - \$133,000	\$212,001 - \$265,000	\$256.90
\$133,001 - \$166,000	\$265,001 - \$332,000	\$364.90
\$166,001 - \$199,000	\$332,001 - \$398,000	\$472.80
\$199,001 - \$499,999	\$398,001 - \$749,999	\$581.00
\$500,000 or more	\$750,000 or more	\$617.00

The Part D (prescription drug coverage) surcharge is based on your income. The table below shows the surcharge amounts for 2025:

Individuals	Married Couples	2025 Part D monthly surcharge
\$106,000 or less	\$212,000 or less	\$0.00
\$106,001 - \$133,000	\$212,001 - \$265,000	\$13.30
\$133,001 - \$166,000	\$265,001 - \$332,000	\$34.30
\$166,001 - \$199,000	\$332,001 - \$398,000	\$55.40
\$199,001 - \$499,999	\$398,001 - \$749,999	\$76.50
\$500,000 or more	\$750,000 or more	\$83.50

Things to Consider to Potentially Avoid Medicare Premium Increases

- Can you hold off on taking taxable distributions from pre-tax retirement accounts until you absolutely have to? Currently, mandatory distributions begin at age 73 (increased from age 72, starting with tax year 2023).
- Would a Qualified Charitable Distribution (QCD) from an IRA help? (Currently, QCDs are allowed for taxpayers age 70½ and older).
- Be aware that Roth conversions will increase your MAGI, which could trigger an IRMAA.

- Be aware that realized capital gains will increase your MAGI, which could trigger an IRMAA. Consider gifting appreciated assets to younger family members who aren't on Medicare, or donating them to charity.

Angelina Schmitz, EA