



Ask Bob: Should You Ask for an Adjustment in Medicare Premiums When You Retire?

Concerned you may be paying too much for Medicare? Learn when, and how, you might qualify for a reduction in premium.

ROBERT POWELL, CFP | March 24, 2022

Question

Do you recommend using Form SSA-44 when you retire?

Answer

Form SSA-44 is “Medicare Income-Related Monthly Adjustment Amount – Life-Changing Event” form used to report a decline in your income due to experiencing one or more of the eight qualifying “life changing events,” as defined by the Social Security Administration, explains Brian Ellenbecker, CFP®, EA, CPWA®, CIMA®, CLTC® with [Shakespeare Wealth Management, LLC](#)

To determine who should file this form, Ellenbecker walks our reader through the details.

He explains, “If someone is enrolled in Medicare Parts B or D, they must pay a premium for that coverage. If their income exceeds a certain threshold, they must pay a higher premium. This higher premium is called the Income-Related Monthly Adjustment Amount (IRMAA). For Medicare beneficiaries with modified adjusted gross income above \$91,000 for single filers or \$182,000 for married taxpayers filing joint returns, their premiums will be higher. There are five IRMAA tiers, with the highest tier kicking in once income for single filers exceeds \$500,000 or \$750,000 for married taxpayers filing jointly. These income thresholds are adjusted for inflation annually.”

Modified adjusted gross income is defined as adjusted gross income plus tax-exempt interest. “To determine your Medicare premiums,” says Ellenbecker, “the Social Security Administration looks at your income from two years prior. Your Medicare premium is recalculated annually, so if your income fluctuates, the IRMAA added to your Medicare premium may also fluctuate. For example, 2022 premiums are determined based on your 2020 modified adjusted gross income from that year’s tax return.”

“The lag in measuring income is not meant to hurt Medicare recipients,” notes Ellenbecker, “it’s simply the most recent information they have, as it’s the last tax return that was filed when a person’s Medicare premiums need to be determined. However, that two-year lag can create an opportunity for recent retirees.”

“Within that two-year window, if you experience a life-changing event, which includes work reduction or work stoppage, and it lowers your income enough that it results in a smaller Medicare premium, you have the ability to appeal your Medicare premium using Form SSA-44,” he says.

“If you were a high-income earner while working, it’s very common that your income could decline enough to reduce your Medicare premium once you retire. Filing Form SSA-44 notifies the Social Security Administration of this income reduction and provides them with enough information to determine what your new, lower premium would be.”

Ellenbecker provides an example to understand how this works.

“A married person retired in the year 2020. For 2020, their modified AGI was \$230,000. In 2022, the first year they are 65 and eligible for Medicare, their monthly premiums for Medicare Parts B & D would be \$202.20 higher per month per person based on their 2020 income. However, their modified AGI is only expected to be \$175,000 in 2022 because they are no longer working. If they file Form SSA-44 with the Social Security Administration and are granted their appeal the entire IRMAA amount of \$202.20 per month would be eliminated for 2022.”

Ellenbecker adds, “The other qualifying events include marriage, divorce, disability, loss of income-producing property, loss of pension income, and employer settlement payments. Note that realizing a large capital gain to the sale of investments or real

estate is NOT a qualifying event and does not qualify for IRMAA relief. The good news is that if the transaction is a one-time event, your premium will adjust downward the following year as your income drops.”

Got questions? Get answers!

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