Medicare IRMAA Planning for Texas High Income Retirees

Why the decisions you make at sixty-three set Medicare premiums at sixty-five, and how Texas tax structure changes the math.

Palmer Wealth Group™ *October 19, 2026*

A Fort Worth executive at sixty-three signs off on a large Roth conversion in December, confident the current rate will save his family taxes for a decade. He is right about the conversion. He is unaware that the income will raise Medicare premiums at sixty-five by thousands annually, under a federal rule with a two-year lookback. At Palmer Wealth Group, we see this pattern often with Texas business owners and executives nearing retirement. The decision that sets Medicare costs is made two years earlier.

How IRMAA Works in 2026, The Mechanics That Set Your Medicare Premium

Medicare's income-related monthly adjustment amount (IRMAA, a surcharge on Parts B and D for high-income beneficiaries) rests on §1839(i) and §1860D-13(a)(7) of the Social Security Act. The Centers for Medicare and Medicaid Services (CMS) sets the amounts; the Social Security Administration (SSA) assigns each beneficiary to a bracket.

2026 IRMAA Brackets for Part B and Part D

The 2026 standard Part B premium is $202.90 per month, a 9.7 percent increase from $185.00 in 2025, per CMS's November 14, 2025 fact sheet.

2024 MAGI — Single	2024 MAGI — Married Jointly	Part B Total	Part D Surcharge
≤ $109,000	≤ $218,000	$202.90	$0.00
$109,001 – $137,000	$218,001 – $274,000	$284.10	$14.50
$137,001 – $171,000	$274,001 – $342,000	$405.80	$37.50
$171,001 – $205,000	$342,001 – $410,000	$527.50	$60.40
$205,001 – <$500,000	$410,001 – <$750,000	$649.20	$83.30
≥ $500,000	≥ $750,000	$689.90	$91.00

The 2026 brackets escalate in five tiers above the standard premium. A single filer with 2024 modified adjusted gross income (MAGI, adjusted gross income plus tax-exempt interest) at or under $109,000 pays no surcharge. The same threshold for couples filing jointly is $218,000.

At the top tier, a single filer with 2024 MAGI of $500,000 or more, or a couple at $750,000 or more, pays $689.90 per month for Part B. The Part D surcharge adds another $91.00. KFF reports that higher-income beneficiaries fund 35 to 85 percent of program costs, compared with the standard 25 percent.

The Two-Year MAGI Lookback and What Counts as Income

SSA uses the most recent tax data the IRS can provide, generally the return filed two years before the premium year, per POMS HI 01101.010 (revised December 2, 2025). The 2026 brackets are set from 2024 returns. The 2028 brackets will be set from 2026 returns.

MAGI for IRMAA equals adjusted gross income (Form 1040, line 11) plus tax-exempt interest (line 2a). Municipal bond income does not avoid the surcharge. A Texas couple holding a sizable muni ladder sees every dollar counted toward the threshold.

For a client enrolling at sixty-five, income at age sixty-three is the first year that matters. A liquidity event at sixty-one or sixty-two does not reach the window. The pre-enrollment window is narrower than most of our clients expect.

Why IRMAA Is a Cliff, Not a Slope

IRMAA tiers are cliffs. Crossing a threshold by one dollar triggers the full tier surcharge for the year, not a proportional increase.

> "Crossing a threshold by one dollar triggers the full tier surcharge for the year, not a proportional increase."

Consider a hypothetical Texas couple whose 2024 MAGI landed at $218,001, one dollar over the joint threshold. In 2026, they pay $2,296.80 more across Part B and Part D than if they had stopped at $218,000 (our calculation from CMS schedules). Moving to tier two at $274,001 adds another $3,472.80. Brackets are inflation-indexed, so future thresholds are not knowable in advance. We plan with a safety margin, not toward the dollar.

The IRMAA Planning Window for Texas Executives: Ages 63 to 75

For most of our clients, the IRMAA planning window opens at age sixty-three. In our work, the costliest IRMAA decisions get made in silence, without a multi-year model. These are the years when deferred compensation, business transitions, and distribution decisions set the trajectory of Medicare costs.

> "In our work, the costliest IRMAA decisions get made in silence, without a multi-year model."

The Pre-Enrollment Years, Ages 63 and 64: Last Chance to Shape Age-65 Premiums

For a client enrolling at sixty-five, 2024 income sets 2026 premiums. 2025 income sets 2027. These two years carry the longest reach of any IRMAA planning period.

The top-tier IRMAA surcharge for a married couple in 2026 totals $13,872 above standard premiums ($487.00 Part B plus $91.00 Part D, times twelve months, times two). For a Texas couple with concentrated pre-tax balances, decisions in these two years can shape six-figure cumulative premium costs across retirement.

We treat these years as a tax-year sequencing problem rather than an enrollment event. The question is not whether to convert, defer, or realize. It is which year to do each.

NQDC Distributions, RSU Vesting, and Business-Sale Gains in the Lookback

Fidelity's July 2026 State of Retirement Planning study found that 54 percent of pre-retirees believe Medicare will cover all health expenses. The misconception compounds a gap we see regularly: income triggers in the lookback years that no one modeled against the IRMAA cliff.

Nonqualified deferred compensation distributions elected years earlier under §409A can land in the age sixty-three or sixty-four window. We cover the mechanics in our Executive NQDC: The 409A Decisions You Can't Undo. The IRMAA consequence must be forecast at the original election, because changes after the fact are limited.

Restricted stock unit vesting, concentrated-stock liquidations, and gains from a business sale behave similarly. Each pushes MAGI through brackets that remain fixed for two years, regardless of the client's actual retirement income once distributions begin.

What Form SSA-44 Can and Cannot Do After the Fact

SSA Form SSA-44 (December 2025 edition) permits a beneficiary to request an IRMAA reduction after a qualifying life-changing event. The form lists eight events: marriage, divorce or annulment, death of a spouse, work stoppage, work reduction, loss of income-producing property, loss of pension income, and employer settlement payment. SSA's program manual describes the list as exclusive.

A voluntary Roth conversion is not among them. Neither is a capital gain or an investment-income spike. The form helps retirees whose income actually fell.

A business sale may qualify as work stoppage under POMS HI 01120.030, which lists "sale of business or corporation" among its examples. SSA-44 helps only when the more recent year's MAGI is lower.

The HSA and Medicare Trap: Why the Six-Month Lookback Costs High Earners Thousands

Health savings accounts (HSAs, tax-advantaged accounts tied to high-deductible health plans) are among the most efficient retirement savings vehicles for high-earning clients. Medicare enrollment ends HSA eligibility, and the end can be retroactive.

> "Medicare enrollment ends HSA eligibility, and the end can be retroactive."

How Part A Backdating Creates Excess HSA Contributions

IRS Publication 969 (2025) states that beginning with the first month of Medicare enrollment, the HSA contribution limit is zero. The rule applies to retroactive Medicare coverage as well. Contributions made during a backdated period become excess contributions, subject to the 6 percent annual excise tax under IRC §4973 if not corrected.

For 2026, Rev. Proc. 2025-19 sets HSA limits at $4,400 self-only and $8,750 family, with a $1,000 catch-up at age fifty-five and older.

Publication 969 includes a partial-year example: a person turning sixty-five in July 2025 with Medicare backdated six months has a prorated contribution limit well below the full annual amount.

Why Claiming Social Security at 65 Automatically Ends HSA Eligibility

Starting Social Security retirement benefits at or after age sixty-five automatically enrolls the beneficiary in Medicare Part A. Automatic Part A enrollment ends HSA eligibility that same month.

Reversing enrollment requires rescinding Social Security within twelve months and repaying all benefits received, which is rarely practical. For our executive and business-owner clients, the HSA decision is a direct function of the Social Security claiming decision. The two cannot be sequenced independently.

Stopping Contributions Before Enrollment: The Rule and the Math

The practical rule, drawn from Fidelity's HSA-to-Medicare guidance, is to stop employee and employer HSA contributions six months before applying for Medicare or Social Security. For an executive planning to retire mid-year, this means ending contributions the preceding fall.

Existing HSA balances remain usable after enrollment. Qualified expenses include Part B, Part D, and Medicare Advantage premiums. Medigap premiums do not qualify.

Managing the Cliffs: A Multi-Year IRMAA Planning Framework for Texas Households

IRMAA affects roughly 8 percent of Medicare Part B and Part D beneficiaries, per the CMS 2026 fact sheet. A $5-to-$30 million Texas household is far more likely to be in that 8 percent. Fidelity's July 2026 Retiree Health Care Cost Estimate puts total lifetime health expenses for a 65-year-old retiring in 2026 at an average of $185,500 per person, with Medicare premiums accounting for 45 percent of the total. For an IRMAA-paying couple, the premium share runs materially higher. We approach IRMAA as a multi-year sequencing problem across three domains: income recognition, charitable giving, and the timing of major benefits decisions.

Bracket-Filling Instead of Over-Converting

The most useful planning concept we draw from the professional literature is bracket-filling. The approach recognizes income up to just below the next IRMAA threshold, accepts the current tier, and stops there. Edward McQuarrie, writing in the Journal of Financial Planning in September 2024 and in Advisor Perspectives in January 2026, argues this approach may outperform over-conversion in most cases.

Texas offers a structural reinforcement: no state income tax. A $100,000 Roth conversion in Texas faces federal tax and the IRMAA decision only. The same conversion in a high-tax state faces federal, state, and IRMAA. Texas retirees have more room to accept an IRMAA cost when a conversion otherwise makes sense.

Our How Much Can You Safely Withdraw in Retirement? develops the withdrawal-sequencing side of this question.

Charitable Giving, QCDs, and the IRMAA Interaction

For retirees age seventy and six months or older, qualified charitable distributions (QCDs, direct transfers from an IRA to a qualifying charity) both reduce taxable income and reduce IRMAA MAGI. The transferred amount is excluded from gross income entirely rather than offset by an itemized deduction.

The 2026 QCD limit is $111,000 per person, per IRS Notice 2025-67. The split-interest limit rose to $55,000. A Texas couple can satisfy required minimum distributions (RMDs, annual withdrawals from tax-deferred accounts after age 73) via QCDs, keeping tens of thousands out of MAGI each year.

Our Charitable Giving Tax Optimization covers the broader framework.

Coordinating Medicare Timing With Social Security and Deferred Compensation

Medicare enrollment, Social Security claiming, and NQDC distribution timing are three decisions that cannot be made in isolation. Our Why High-Earning Households Should Treat Social Security as a Two-Million Dollar Decision develops the claiming decision in depth.

SSA's October 14, 2026 fact sheet confirmed a 3.6 percent cost-of-living adjustment for 2027. The average retired-worker benefit rises from $2,095 to $2,170 per month. The hold-harmless provision does not protect IRMAA payers or new enrollees.

The 2026 Medicare Trustees Report projects a 2027 standard Part B premium near $209.50 and IRMAA thresholds near $112,000 single and $224,000 joint. CMS publishes confirmed numbers in mid-November 2026.

When IRMAA Planning Goes Too Far: The Counterargument

A good IRMAA plan avoids cliffs and respects brackets. A bad one twists the rest of the retirement strategy to serve a surcharge that may not matter years into the future.

Why Some Roth Conversions After 62 Destroy Value

McQuarrie's central argument in the Journal of Financial Planning (September 2024) is that Roth conversions after age sixty-two aimed at preventing future RMD-driven IRMAA often fail. Paying IRMAA today to avoid IRMAA years later only works when the future rate is clearly higher. Investment growth can erase the modeled benefit entirely.

Our Backdoor Roth IRA and the Pro Rata Rule addresses how a conversion creates taxable income. The IRMAA question comes next: is the current surcharge, which is certain, worth the uncertain future reduction?

For many clients the answer is yes. For others it is no. The analysis depends on holding period, portfolio composition, and the surviving-spouse scenario.

Legacy Goals, Surviving-Spouse Brackets, and When Paying IRMAA Is the Right Answer

There are legitimate reasons to accept IRMAA this year. A surviving spouse moves from joint-filer brackets to single-filer brackets, which are roughly half as wide. For couples with large pre-tax balances and material age differences, the planning case for pre-death conversions can outweigh the IRMAA cost.

Texas community property delivers a full step-up on appreciated non-retirement assets at the first death, which can argue for holding tax-deferred balances longer rather than pre-converting. KFF notes that IRMAA thresholds are not guaranteed over a ten-year planning horizon.

Our role is to model the trade-offs clearly, not to force every decision toward the lowest surcharge in a given year.

Frequently Asked Questions

Q: Does a Roth Conversion Count Toward IRMAA MAGI?

Yes. A Roth conversion creates taxable income that flows into AGI on Form 1040. For IRMAA, MAGI equals AGI plus tax-exempt interest, per SSA POMS HI 01101.010. The conversion is counted in full in the year it occurs. Because IRMAA is set from the tax return two years before the premium year, a conversion at age sixty-three sets premiums at age sixty-five. A voluntary conversion is not a qualifying life-changing event under SSA Form SSA-44, so no appeal is available.

Q: What Counts as Income for Medicare IRMAA in 2026?

MAGI for Medicare IRMAA in 2026 equals adjusted gross income (Form 1040, line 11) from the 2024 return plus tax-exempt interest (line 2a). The definition is set in SSA POMS HI 01101.010. Social Security benefits, pensions, IRA withdrawals, Roth conversions, capital gains, dividends, and wages all count. Municipal bond interest is added back even though it is federally tax-exempt.

Q: Can I Keep Contributing to My HSA After I Enroll in Medicare?

No. Beginning with the first month of Medicare enrollment, the HSA contribution limit is zero, per IRS Publication 969 (2025). The rule applies to any part of Medicare, including Part A. Enrolling in Social Security at age sixty-five or later automatically triggers Part A, and Part A can be backdated up to six months. Contributions made during a backdated period become excess contributions subject to a 6 percent annual excise tax under IRC §4973. Existing HSA balances remain usable tax-free for qualified expenses.

Q: Can I Appeal IRMAA With Form SSA-44 After Selling My Business?

Possibly, under specific conditions. SSA Form SSA-44 permits reductions after eight listed events, one of which is work stoppage. SSA's program manual (POMS HI 01120.030) lists "sale of business or corporation" among the examples. The form helps only if the more recent year's MAGI is actually lower than the lookback year used by SSA. If the sale produced a large capital gain, that year may not qualify. Documentation requirements include original or certified records showing the transfer.

Q: What Happens If I Go One Dollar Over an IRMAA Bracket?

The full tier surcharge applies for the year. IRMAA is a cliff, not a slope. A hypothetical couple crossing the first joint threshold at $218,000 by one dollar pays $2,296.80 more across Part B and Part D in 2026 (our calculation from CMS schedules). Moving to the second tier at $274,001 adds another $3,472.80. Planning toward thresholds requires a safety margin.

Plan Your Medicare Transition

Inside the two-year lookback window, your next decisions carry the longest reach. A thirty-minute conversation can map your Medicare premium years. No cost. No obligation.

About Palmer Wealth Group™

Palmer Wealth Group™ is a boutique wealth management practice operating as an Integrated Wealth Alliance — a coordinated team of specialists dedicated to business owners, corporate executives, professional practice owners, and multi-generational families navigating the financial complexities that accompany significant wealth. Led by Luke A. Palmer, CFP®, AAMS®, CRPS®, AWMA®, the practice delivers the institutional-quality strategies and coordinated oversight that clients who have outgrown conventional advisory models require. Learn more at palmerwealthgroup.com.

Important Disclosures

This article is for informational and educational purposes only. It does not constitute tax, legal, investment, insurance, or financial advice. Readers should consult their own qualified professionals before making financial decisions.

Statements about projected 2027 figures, including the standard Part B premium, IRMAA thresholds, and HSA limits, reflect published preliminary estimates and are subject to change when final figures are released by the applicable agencies.

Tax rules change frequently and apply differently based on individual circumstances. The federal tax treatments described, including IRMAA, QCDs, Roth conversions, HSA contributions, and §409A deferred compensation, are current as of the publication date and may be subject to legislative or regulatory revision.

Dollar calculations and examples throughout this article are hypothetical illustrations based on published CMS 2026 schedules and do not represent actual client outcomes. Individual results depend on specific facts and circumstances.

Medicare plan selection decisions, including Medicare Advantage, Medigap, and Part D plan comparisons, should be made in consultation with a licensed Medicare advisor or by using the plan comparison tools at Medicare.gov.

Palmer Wealth Group™ does not provide tax or legal advice. Consult a qualified professional for guidance on your specific situation.

References

Secondary Sources

- Centers for Medicare & Medicaid Services (CMS). "2026 Medicare Parts A & B Premiums and Deductibles." Fact Sheet. November 14, 2025. https://www.cms.gov/newsroom/fact-sheets/2026-medicare-parts-b-premiums-deductibles
- Fidelity Investments. "25th Annual Retiree Health Care Cost Estimate." Press Release. July 21, 2026. https://www.businesswire.com/news/home/20260721306626/en/
- Kaiser Family Foundation (KFF). "Medicare 101" (Health Policy 101). Cubanski, J., Freed, M., et al. October 8, 2025. https://www.kff.org/medicare/health-policy-101-medicare/
- McQuarrie, Edward F. "IRMAA: Resistance Is Futile (But There Are Some Choices)." Advisor Perspectives. January 12, 2026. https://www.advisorperspectives.com/articles/2026/01/12/irmaa-resistance-futile-there-some-choices
- McQuarrie, Edward F. "Net Present Value Analysis of Roth Conversions." Journal of Financial Planning 37(9): 76–90. September 2024. https://www.financialplanningassociation.org/learning/publications/journal/SEP24-net-present-value-analysis-roth-conversions-OPEN
- Social Security Administration (SSA). "2027 Cost-of-Living Adjustment Fact Sheet." October 14, 2026.
- Centers for Medicare & Medicaid Services (CMS). "2026 Medicare Trustees Report." Transmitted June 9, 2026. https://www.cms.gov/oact/tr/2026

Legal Authorities

Internal Revenue Code

- IRC §223 (Health Savings Accounts — eligibility, contribution limits, treatment upon Medicare enrollment).

- IRC §223(b)(7) (HSA contribution limit set to zero beginning first month of Medicare enrollment).
- IRC §409A (Nonqualified deferred compensation — distribution election and modification rules).
- IRC §4973 (6 percent annual excise tax on excess HSA contributions not corrected).

IRS Materials

- IRS Publication 969 (2025). Health Savings Accounts and Other Tax-Favored Health Plans. https://www.irs.gov/publications/p969
- IRS Revenue Procedure 2025-19. 2026 HSA and HDHP contribution and plan limits. May 1, 2025.
- IRS Notice 2025-67. 2026 qualified charitable distribution (QCD) annual limit of $111,000 and split-interest limit of $55,000. December 1, 2025.

Federal Legislation

- Social Security Act §1839(i) (42 U.S.C. §1395r(i)) — Medicare Part B income-related monthly adjustment amount.
- Social Security Act §1860D-13(a)(7) — Medicare Part D income-related monthly adjustment amount.

Agency Materials

- Social Security Administration (SSA). Form SSA-44 (December 2025 edition). "Medicare Income-Related Monthly Adjustment Amount — Life-Changing Event." https://www.ssa.gov/forms/ssa-44.pdf
- SSA. Program Operations Manual System (POMS) HI 01101.010 — Modified Adjusted Gross Income (MAGI). Revised December 2, 2025. https://secure.ssa.gov/poms.nsf/lnx/0601101010
- SSA. POMS HI 01120.030 — Life-Changing Event: Work Stoppage. https://secure.ssa.gov/poms.nsf/lnx/0601120030
- SSA. POMS HI 01120.005 — Life-Changing Event List (exclusive).

Research Methodology: *This article was prepared with the assistance of AI tools that supported research synthesis and initial drafting. AI tools do not exercise professional judgment and may have gaps in current regulatory or market information. All content was independently reviewed by qualified Palmer Wealth Group™ professionals. The analysis and guidance expressed here represent the professional judgment of Palmer Wealth Group™, not AI outputs. Palmer Wealth Group™ assumes full editorial and compliance responsibility for this content.*

© 2026 Palmer Wealth Group™. All rights reserved. This article may be shared in its entirety with proper attribution. For permission to republish, excerpt, or adapt this content for other purposes, please contact info@palmerwealthgroup.com.