REAL DAILY PRESENTS

THE RETIREMENT
Playbook

The strategies, loopholes, and income ideas your advisor isn't telling you about.

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Welcome to The Retirement Playbook

Something unusual is happening right now in America. Interest rates are the highest they've been in two decades. Social Security's long-term funding picture is the subject of real debate in Washington. Medicare premiums quietly rose again. And millions of Americans who did everything right — saved steadily, invested patiently, planned to retire on schedule — are sitting with a question they can't quite shake: *Is what I have actually enough?*

That question deserves a real answer. Not a sales pitch. Not a calendar invite from a commission-based advisor. A real answer, in plain English, with the math shown. That's what The Retirement Playbook is for.

The landscape today is genuinely more complex than the one your parents navigated. Pensions are nearly extinct. Social Security has 567 different claiming combinations for a married couple. Medicare has three tiers, four parts, and a surcharge most people have never heard of. The tax code hands out enormous rewards to those who plan it correctly — and quietly punishes those who don't. The gap between those two outcomes is now measured in hundreds of thousands of dollars over a 30-year retirement.

This isn't hyperbole. The decisions covered in this first issue alone — when to claim Social Security, whether to do partial Roth conversions in your 60s, how to avoid the IRMAA cliff — represent a swing of more than $300,000 in lifetime after-tax income for a typical couple. Three decisions. Three hundred thousand dollars. And almost none of it requires anything complicated — just the right information, at the right time.

Here's what you can expect each month:

- **Cover Story** — A deep-dive on one strategy with measurable, dollar-quantified upside. The kind of thing worth reading twice.
- **The Loophole** — One tax or claiming strategy, explained step-by-step with a real worked example. Bring it to your CPA.
- **Income Idea of the Month** — A practical way to generate cash flow in retirement, with the risks called out honestly.
- **Real Estate Corner** — Because what you do with the house often matters more than what you do with your portfolio.
- **Healthcare Watch** — Medicare, IRMAA, long-term care — the costs most retirement plans underestimate.
- **Reader Q&A** — Your questions, answered. Send them to playbook@realdaily.com.
- **Numbers to Know** — The limits, brackets, and dates that change every year, compiled in one place.
- **The Vault** — A downloadable cheat sheet, calculator, or template you can use immediately.

This newsletter is educational. It is not personalized financial advice, and you should run any major decision past a fee-only fiduciary or a CPA who knows your full situation. But by the time you finish each issue, you'll know exactly what to ask them — and you'll never again pay $300 an hour to be told something you already know.

Welcome aboard. Let's get to it.

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THE MOST EXPENSIVE DECISION OF YOUR RETIREMENT

The 8-Year Social Security Window That Adds $150,000+ to Your Lifetime Benefit

Most Americans spend less than 20 minutes on the most expensive decision of their retirement. Here's what those 20 minutes should actually cover.

There is a single decision most Americans make casually, often at a kitchen table, based on advice from a neighbor, a spouse, or a half-remembered article. It determines roughly $250,000 or more of lifetime retirement income for many households. They call it "choosing when to file for Social Security." A more accurate name would be: the most expensive 20 minutes of your retirement.

Here's what those 20 minutes should actually cover.

Social Security Rewards Patience

Your Social Security benefit is calculated from your highest 35 years of earnings, but the number that matters is your Primary Insurance Amount (PIA) — what you'd receive at your Full Retirement Age.

From there, the Social Security Administration makes two adjustments.

- **File before FRA,** and your benefit is permanently reduced by roughly 6.7% per year for the first three years and 5% per year beyond that. File at 62, the earliest possible age, and your monthly check is roughly 30% smaller for life.
- **File after Full Retirement Age,** and your benefit grows by 8% per year until age 70. There's no benefit to waiting past 70.

THE REAL TRADE

Delaying Social Security is not "free money." You're spending down other assets in your 60s to buy a larger guaranteed check in your 70s, 80s, and 90s. That trade can be excellent, but only if you have a smart bridge plan.

If you can wait, the key is which dollars you use while you wait: cash, taxable brokerage money, IRA withdrawals, part-time income, or a lower-earning spouse's benefit. Each one creates a different tax bill, portfolio risk, and survivor-income outcome.

The Eight-Year Window

Social Security is not a one-day decision, it's an eight-year window — and every year inside that window changes the monthly check you receive for the rest of your life.

Consider Robert and Linda. Both were born in 1962 and both have a Primary Insurance Amount of $3,200 at Full Retirement Age. Here is what their combined household benefit looks like depending on when they file:

Filing Age	Combined Monthly	Annual Income
Both file at 62	$4,480	$53,760
Both file at 67 (FRA)	$6,400	$76,800
Both file at 70	**$7,936**	**$95,232**

From age 70 onward, the difference between the lowest and highest monthly strategy is $41,472 per year, with cost-of-living adjustments on top of that. Run it out over a 25-year retirement and you're looking at well over $1 million in lifetime difference between filing at 62 and filing at 70, before counting the survivor benefit.

The Check Your Spouse May Be Left With

When one spouse passes away, the survivor keeps the larger of the two checks, and the smaller check disappears. That one rule changes the entire decision.

If Robert is the higher earner and claims at 62, his benefit is permanently reduced. If he dies first, Linda may be left with that reduced check for the rest of her life. If Robert delayed to 70 and his check was 24% larger than his base PIA, that maxed-out check becomes Linda's instead, for the rest of her life.

This is why the higher earner's filing age is often not just a personal income decision. It is a widow or widower protection decision. Couples who plan this correctly can add $150,000 to $300,000 to the surviving spouse's lifetime in-

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come. And it's often the spouse who was less involved in the financial planning who needs it most.

The Wrong Question Many Couples Ask

You've probably heard the kitchen-table version: "I claimed at 62 because the breakeven age is around 80, and I might not live that long." It's a real calculation, but it's the wrong framework entirely.

Social Security is longevity insurance, not an investment. You buy insurance to protect against catastrophic outcomes, and in retirement, the catastrophic outcome isn't dying early, it's living a long time and running out of money. Roughly 1 in 3 Americans aged 65 today will live to 90. Among married couples, the odds that at least one spouse reaches 90 are better than 50%.

A married couple shouldn't only ask, "When do we break even?" They should ask:

- If one of us lives to 90, which check do we want left behind?
- If the higher earner dies first, will the survivor still have enough income?
- Can we afford to spend portfolio assets in our 60s so Social Security is larger in our 70s, 80s, and 90s?
- Would delaying Social Security force us to sell investments during a bad market?
- Are we optimizing for the first eight years of retirement, or the last fifteen?

Those are the questions most online calculators don't force you to think through.

When Claiming Early Actually Makes Sense

There are three legitimate reasons to file before Full Retirement Age.

First, a serious health condition with a meaningfully shortened life expectancy. If your doctors are giving you a 5- to 10-year horizon, the math changes.

Second, you genuinely cannot afford to delay. If you have no bridge assets, no part-time income, and delaying would force you to draw too aggressively from a volatile portfolio, claiming earlier may be the safer household decision.

Third, you are the lower-earning spouse and the household strategy calls for you to claim earlier while the higher earner delays. For many married couples, the lower earner can claim earlier to bring some income into the household, while the higher earner waits until 70 to maximize the survivor benefit.

THE 90-SECOND DECISION FRAMEWORK

Healthy and married, higher earner: Strongly consider delaying to 70.

Healthy and married, lower earner: Consider claiming at FRA or earlier.

Healthy and single: Delay if you can afford to bridge the income.

Serious health concerns: Run the numbers before delaying. Claiming earlier may make sense.

ACTION STEPS FOR THIS MONTH

1. **Pull your earnings record.** Log in at ssa.gov and download your Social Security statement. Verify every year of earnings is recorded correctly. Missing or incorrect earnings can reduce your benefit permanently.
2. **Run the numbers at three ages.** Compare claiming at 62, Full Retirement Age, and 70. Do not look only at the monthly amount. Look at lifetime income and survivor income.
3. **If you're married, run a joint strategy.** Use a tool that models both spouses and survivor benefits.
4. **Identify your bridge income.** Before you decide to delay, answer this: where will income come from between 62 and 70? Cash? Brokerage assets? Part-time work? A pension? A lower-earning spouse's Social Security check?
5. **Consider this question.** Don't ask, "When should I claim?" Ask: "Which claiming strategy gives our household the strongest survivor income without putting too much pressure on our portfolio in our 60s?"

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THE SINGLE BIGGEST TAX-SAVING OPPORTUNITY MOST RETIREES NEVER USE

The Roth Conversion Sweet Spot: Why the Years Before RMDs Are a Tax Goldmine

There's a window in most retirees' lives when taxable income drops to its lowest point ever. Most people let it close without doing anything.

For most of your working life, you were paying tax at 22%, 24%, or sometimes 32%. Every dollar you put into a traditional 401(k) or IRA came with an upfront deduction. That felt good at the time, and it's usually the right thing to do. But those dollars are still going to be taxed when you pull them out, and the IRS has a mechanism to make sure that happens: Required Minimum Distributions.

Starting at age 75 for many retirees, or 73 if you were born in 1959 or earlier, the government forces you to withdraw money from traditional retirement accounts whether you need it or not, and those withdrawals are taxed as ordinary income. They may stack on top of Social Security, pensions, interest, dividends, and capital gains. For some retirees, that combination pushes them into a higher tax bracket than they expected.

But between retirement and RMDs, there's a window. For most people it runs from the early 60s to age 73, and during that window, taxable income often drops to its lowest point in decades.

The Roth Conversion Window

A Roth conversion is straightforward: you move money from a traditional IRA or 401(k) into a Roth IRA. The amount you convert counts as taxable income that year. You pay tax now.

After that, the money grows tax-free inside the Roth. Qualified withdrawals come out tax-free later. And Roth IRAs are not subject to lifetime RMDs for the original owner. The strategy works when the tax rate you pay today is meaningfully lower than the rate you would likely pay later.

How Empty Bracket Space Turns Into Tax-Free Money

Margaret retires at 63 with $1.2 million in a traditional IRA and $300,000 in a taxable brokerage account. She and her husband plan to delay Social Security until 70 and live off the brokerage account in the meantime. Their investments generate about $20,000 in qualified dividends. After the standard deduction, their taxable income is roughly $20,000, putting them well inside the lower brackets.

In 2026, the 12% bracket for married couples filing jointly tops out at $100,800. That gives Margaret roughly $80,800 of unused space in the 12% bracket. So, she can convert up to that amount from her traditional IRA to her Roth IRA and pay 12% federal tax on those dollars today.

If she does that for seven years, she moves $565,600 into the Roth. Her estimated federal tax bill on those conversions is about $68,000. If she does nothing, those same dollars may later come out through RMDs at 22% to 24%. On $565,600, that would mean roughly $124,000 to $136,000 in federal tax.

Margaret's Conversion Math	Amount
Total IRA money converted over 7 years	$565,600
Federal tax paid (at 12%)	~$68,000
Tax if RMDs forced it out at 22–24%	$124K–$136K
Net lifetime federal tax savings	**$60,000+**

THE BIG IDEA

A Roth conversion is not really a tax move, it's an income-timing move. The goal is to decide which years should carry the tax bill: the quiet years after work ends, or the crowded years after Social Security, RMDs, interest, dividends, and Medicare surcharges start stacking on top of each other.

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Who Should Not Use This Strategy

If you're already in a high bracket and expect to be in a lower bracket later, converting may not make sense. And if you need IRA withdrawals just to cover basic living expenses, adding conversion income could make your cash flow tighter.

If a conversion would trigger major Medicare surcharges, capital gains, or other tax effects you did not model, slow down.

And if you plan to leave most of your IRA to charity, a Roth conversion may be unnecessary. Charities don't pay income tax on inherited IRA money, so converting first can mean paying a tax bill that nobody needed to pay.

YOUR ACTION FOR THIS MONTH

1. **Pull your most recent Form 1040.** Find your taxable income on line 15. That's your starting point.
2. **Estimate your 2026 taxable income.** Adjust for pension income, interest, dividends, capital gains, part-time work, and any Social Security benefits.
3. **Find your bracket room.** For 2026, the 12% bracket tops out at $100,800 for married couples filing jointly and $50,400 for single filers.
4. **Subtract your expected taxable income from the top of the bracket.** That number is your rough conversion room.
5. **Check the Medicare impact.** If you are already on Medicare, or will be soon, look at whether the conversion could push you over an IRMAA threshold.
6. **Bring one focused question to your CPA.** Ask something like, "How much can I convert this year without leaving my target bracket or triggering a Medicare surcharge that changes the math?"

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NO ADVISOR FEE. NO BULL MARKET REQUIRED.

The Boring 5% Income Strategy: Building a Bond Ladder for 2026

Wall Street doesn't get excited about bond ladders. That's exactly why retirees should pay attention to them.

A bond ladder will not make you rich in a bull market, or give you a great story to tell at dinner. It can give you a known stream of income, known maturity dates, and a way to avoid selling stocks during a bad market just to pay the bills.

Not exciting, but that's the point. For the first time in more than a decade, retirees can build a simple bond ladder yielding around 5% using U.S. Treasuries and high-grade corporate bonds.

What a Bond Ladder Actually Is

A bond ladder is a portfolio of individual bonds with staggered maturity dates. Instead of buying one large bond, you buy several smaller bonds that mature in different years. As each bond matures, you either spend the principal or roll it into a new 10-year bond at the far end of the ladder.

Three things happen automatically: predictable, rising income that doesn't depend on what markets do; protection against rate changes — if rates rise, you reinvest maturing bonds at higher yields; if rates fall, you already locked in the higher yields on your longer bonds; and zero bond-fund risk — you cannot lose principal if you hold each individual bond to maturity.

The Three Bond Types Worth Knowing

- **U.S. Treasuries** — essentially no credit risk, backed by the federal government, exempt from state and local tax. Available at TreasuryDirect.gov or any major brokerage. Current 10-year yield: 4.4–4.6%.
- **Investment-grade corporate bonds** — slightly higher yield (5.0–6.0%) for a small amount of additional credit risk. Stick with A-rated or higher: Apple, Microsoft, Berkshire Hathaway, JPMorgan.
- **Municipal bonds** — federally tax-free interest, often state-tax-free if issued in your home state. Stick with general obligation (GO) bonds from financially sound states.

A Sample $500,000 Ladder

Maturity	Bond	Yield
1 year	U.S. Treasury	~4.5%
2 years	U.S. Treasury	~4.4%
3 years	Apple corporate	~5.1%
4 years	U.S. Treasury	~4.5%
5 years	Microsoft corporate	~5.2%
6 years	Muni GO bond	~4.0% (tax-free)
7 years	U.S. Treasury	~4.7%
8 years	Berkshire Hathaway	~5.4%
9 years	U.S. Treasury	~4.8%
10 years	**JPMorgan corporate**	**~5.5%**

Blended yield: approximately 4.8%. Annual income of $500,000: roughly $24,000 — plus $50,000 of principal returning every year that you can spend or reinvest.

The Bond Fund Trap

There's an important rule to watch out for: do not confuse a bond ladder with a bond fund.

A bond mutual fund or bond ETF can be useful in some portfolios, but it does not give you the same control. They have no maturity date, and its value can move with interest rates. If you need to sell shares during a rate spike, you may lock in a loss. That's exactly what many retirees thought could not happen in "safe" bond funds until 2022 reminded them otherwise.

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WATCH OUT

There are two ways to ruin a bond ladder. The first is reaching for yield. If one bond pays much more than the others, there is usually a reason. Higher yield often means higher risk, worse liquidity, or a bond feature you do not fully understand.

The second is buying through the wrong channel. Major brokerages usually give ordinary investors access to reasonable pricing. Boutique brokers may mark up bonds by 1% to 2%.

How This Fits With the Rest of Your Portfolio

A bond ladder is a good floor for a retirement portfolio, its role is to cover essential expenses no matter what stocks do for the next 10 years. That's where the psychological value comes in. The ladder gives you the ability to leave your stock portfolio alone when the market is ugly, so stocks can continue to provide long-term growth for your portfolio.

Who Should Not Use This Strategy

A bond ladder is useful, but not universal. It may not make sense if your spending is already fully covered by Social Security, pensions, and other guaranteed income.

It may not be necessary if you have a very small portfolio and need simplicity more than customization, and it may be too conservative if you are overfunded, comfortable with volatility, and already have enough cash to ride out a long downturn.

It may also be a poor fit if you're likely to need sudden access to all the money. Individual bonds can be sold before maturity, but the price may be lower than expected if rates have moved or liquidity is thin.

A ladder works best when the money has a job and a timeline. If the job is "fund years three through ten of retirement spending," a ladder can be excellent. If the job is "be available tomorrow for anything," that money probably belongs in cash.

YOUR ACTION FOR THIS MONTH

1. **Calculate your essential spending gap.** Add up your annual must-pay expenses. Subtract guaranteed income from Social Security, pensions, and annuities.
2. **Decide how many years you want protected.** There's no single correct answer. The more years you protect, the more stability you create, but the less money remains in higher-growth assets.
3. **Match the ladder to the job.** If your annual gap is $25,000 and you want 10 years protected, you are looking at roughly $250,000 of principal dedicated to the ladder, plus whatever income those bonds generate.
4. **Use high-quality bonds only.** Treasuries, high-grade corporates, and carefully selected municipal bonds are enough. This is not the place to reach.
5. **A question to consider:** "How many years of essential spending does my current portfolio protect without forcing me to sell stocks in a bad market?"

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FEW PRODUCTS ARE MORE MISUNDERSTOOD

Reverse Mortgage Reality Check: When It Works, When It Wrecks You

Few financial products have a worse reputation than reverse mortgages. Some of that was earned.

The version sold on late-night television deserved every bit of its bad reputation. But the product that exists today — called a Home Equity Conversion Mortgage, or HECM, is a federally regulated, FHA-insured loan that has become one of the most quietly useful tools in retirement planning. Used correctly, it can be powerful, and used wrong, it can be a disaster. The difference comes down to how the tool is used.

How a HECM Actually Works

You must be at least 62, own your home outright or have a small remaining mortgage, and live in the home as your primary residence. The loan lets you tap a portion of your home equity in one of three ways: a lump sum at closing; monthly payments to you, functioning like a private annuity; or a line of credit you draw on as needed, the most flexible option and by far the most underused.

You make no monthly payments. The loan accrues interest over time and is repaid when you move, sell, or pass away — typically from the sale of the home. If the home sells for less than the loan balance, FHA insurance covers the gap, so you and your heirs are not on the hook. If it sells for more, your heirs keep the difference.

Property taxes, homeowners insurance, and maintenance remain your responsibility. A HECM removes a monthly mortgage payment or creates access to cash, but it doesn't remove the cost of owning a home.

The Home Equity Question Most Retirees Avoid

Many retirees think about their house in emotional terms. It's where they raised a family and it's where they want to stay. From a retirement planning standpoint, the house is also capital.

A retiree may have $300,000 in an IRA and $600,000 of equity sitting inside the home, yet the retirement plan may treat the IRA as "money" and the home equity as untouchable. That can create a strange result. The retiree may sell stocks in a down market, claim Social Security too early, or carry a mortgage payment that strains cash flow, all while a large pool of home equity sits unused.

THE REAL VALUE OF HOME EQUITY

The point isn't to borrow against the house just because you can. The point is to know what role the house plays before the rest of the plan is under pressure.

Untouched home equity is not always "safe." Sometimes it's stranded capital, or it's the backup plan that keeps you from selling stocks, taking a bad tax hit, or moving during a crisis.

Three Situations Where It Genuinely Works

1. **As a standby line of credit.** A homeowner opens a HECM line of credit at 62 and doesn't draw on it right away. The unused line grows over time based on the loan's interest rate and mortgage insurance rate. By the time you're 75, you have a substantial, inflation-protected pool of available cash that can serve as emergency liquidity, a market-downturn buffer, or long-term care funding.
2. **To delay Social Security.** If the higher-earning spouse can delay Social Security until 70, the household may receive a much larger lifetime benefit and a stronger survivor benefit. The HECM interest cost has to be compared against the value of the higher Social Security benefit, but in the right household, using home equity to buy a larger guaranteed Social Security check can be a smart trade.
3. **To eliminate a mortgage payment.** Some retirees enter retirement with a traditional mortgage that still eats up monthly cash flow. A HECM can pay off that mortgage at closing. The retiree keeps living in the home and no longer owes monthly principal and interest payments. Still, the loan balance grows over time, and the homeowner must keep paying property taxes, insurance, maintenance, and any homeowners association dues.

When a HECM Becomes the Wrong Tool

1. **If you might move within five years.** Upfront fees are substantial — typically 2–4% of the loan amount. Spread over 20 years, that's noise. Spread over three years, it's expensive money.
2. **If leaving the house to your kids is a priority.** The loan attaches to the property. Your heirs can pay it off and keep

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the house, but it's often a financial scramble at an already difficult time.

3. **If the house itself is becoming the problem.** A HECM can make it easier to stay in the home, but that's not always the right goal. If the stairs are becoming unsafe, maintenance is being deferred, property taxes are rising faster than income, or one spouse would not be able to manage the house alone, borrowing against the home may delay a move that needs to happen anyway.

YOUR ACTION FOR THIS MONTH

1. **Put your house on the retirement balance sheet.** Write down the estimated home value, remaining mortgage balance, property taxes, insurance, maintenance costs, and whether the home is realistic for the next 10 to 15 years.
2. **Identify the job home equity might do.** Is the goal emergency liquidity, long-term care backup, Social Security bridge income, mortgage-payment relief, or future downsizing?
3. **Compare all three home-equity options.** For most retirees, the real comparison is not HECM or nothing. It's HECM, downsizing, home-equity loan, selling later, or leaving the equity untouched.
4. **Consider this question.** "What job could my home equity safely do in my retirement plan, and what would I be giving up to use it?"

Numbers to Know

Item	2026 Figure
Maximum claim amount	$1,249,125
Typical principal limit (% of home value)	40–60%
Required FHA counseling	**60–90 min, $125–$200**

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THE MEDICARE TRAP NOBODY SEES COMING

The IRMAA Trap: How a $1 Income Increase Can Cost You $2,000+

Medicare premiums are means-tested — and the thresholds work as cliffs, not slopes. One unexpected dollar of income can trigger a very expensive surprise.

Most retirees know Medicare Part B has a monthly premium. Fewer know that premiums can more than triple depending on their income, and almost nobody thinks about Medicare premiums before they sell an investment, take an IRA withdrawal, or run a Roth conversion.

In retirement, income doesn't sit in one box. One extra dollar can affect your tax bracket, your Social Security taxation, your capital gains rate, your Medicare premiums, and the timing of your next withdrawal. IRMAA is where many retirees learn that lesson the hard way.

What IRMAA Is

IRMAA stands for Income-Related Monthly Adjustment Amount. It's a surcharge added to Medicare Part B and Part D premiums for higher-income retirees, and it's calculated on a two-year lookback of your tax return. It operates in cliffs, so if you cross a threshold by a single dollar, your annual Medicare costs can jump by hundreds or thousands.

The 2026 IRMAA Brackets — Based on 2024 MAGI

Part B Monthly Premium

2024 MAGI — Single	2024 MAGI — MFJ	Part B / mo
≤ $109,000	≤ $218,000	$202.90
$109,001 – $137,000	$218,001 – $274,000	$284.10
$137,001 – $171,000	$274,001 – $342,000	$405.80
$171,001 – $205,000	$342,001 – $410,000	$527.50
$205,001 – $500,000	$410,001 – $750,000	$649.20
> $500,000	**> $750,000**	**$689.90**

Part D Monthly Surcharge

2024 MAGI — Single	2024 MAGI — MFJ	Part D +
≤ $109,000	≤ $218,000	$0
$109,001 – $137,000	$218,001 – $274,000	+$14.50/mo
$137,001 – $171,000	$274,001 – $342,000	+$37.50/mo
$171,001 – $205,000	$342,001 – $410,000	+$60.00/mo
$205,001 – $500,000	$410,001 – $750,000	+$81.00/mo
> $500,000	**> $750,000**	**+$91.00/mo**

For 2026, the standard Part B premium is $202.90 per month. Retirees above the first IRMAA threshold pay more. For single filers, the first threshold begins above $109,000 of 2024 MAGI, and for married couples filing jointly, it begins above $218,000. Cross that first line, and the Part B premium rises from $202.90 per month to $284.10 per month per person.

Part D also adds a surcharge. For a married couple, moving from the first bracket into the second can add more than $1,600 per year in combined Medicare costs, and that jump can be caused by one extra dollar of income. That's the trap. Not because IRMAA is impossible to understand, but because retirees often discover it two years after the decision that caused it.

WHY ROTH CONVERSIONS NEED IRMAA PLANNING

This matters directly for Roth conversions, since they're treated as normal income. If that income pushes you over an IRMAA threshold, your Medicare premiums may rise two years later.

That doesn't automatically ruin the conversion. Sometimes the tax savings are still much larger than the temporary Medicare surcharge, but retirees should run both numbers. A small conversion that barely saves tax and triggers a surcharge may not cover the IRMAA surcharge.

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The Three Most Common IRMAA Surprises

The first surprise is a year-end mutual fund distribution. Many retirees assume they only create taxable income when they sell an investment, but that's not always the case. Taxable mutual funds can distribute capital gains near year-end, even if you did not sell a share. Those distributions show up on your tax return, increase MAGI, and can push you over an IRMAA cliff two years later. This is one reason to check estimated year-end fund distributions before December, especially if you hold actively managed funds in a taxable brokerage account.

The second surprise is a capital gain. Selling a concentrated stock position, mutual fund, rental property, or second home can create a one-year income spike. Even if the sale was prudent, it can push MAGI over an IRMAA cliff.

The third surprise is a large IRA withdrawal. This often happens when retirees need cash for a car, home repair, family help, or medical cost. They pull more from the IRA than usual, pay the income tax, and assume the matter is done. Then Medicare premiums rise two years later.

The pattern is the same in all three cases, the income decision was made in one year, and the Medicare consequence arrived in another. That timing mismatch is why IRMAA planning matters.

What To Do If IRMAA Hits You

If you crossed a threshold because of a one-time income event, you may simply have to pay the higher premium for that year, but if your income dropped because of a life-changing event, you may be able to appeal.

The form to know is SSA-44. It can be used when your income has fallen because of events such as retirement, death of a spouse, divorce, work reduction, or loss of pension income. This is especially important in the first years of retirement. Medicare may be using a tax return from a year when you were still working, and if your current income is much lower, don't assume the premium is final.

Three Practical Ways To Avoid the Cliff

1. **Run a year-end income check before December.** In November, estimate your MAGI. Include wages, pension income, IRA withdrawals, Roth conversions, taxable interest, dividends, capital gains, and the taxable portion of Social Security. If you're close to a threshold, slow down before creating more income.
2. **Use charitable giving carefully.** If you give to charity, donating appreciated stock instead of cash can help avoid realizing capital gains. For retirees age 70½ or older, Qualified Charitable Distributions can also be useful because IRA money sent directly to charity can satisfy charitable goals without increasing taxable income the same way an ordinary IRA withdrawal would.
3. **Spread income across years.** A Roth conversion doesn't have to happen all at once, equities don't always have to be sold en masse, and a large IRA withdrawal can be split between December and January. The goal is to avoid accidentally bunching income into one year and crossing a cliff you could have planned around.

Who Should Not Overreact To IRMAA

IRMAA is annoying, but it isn't always a reason to avoid a good financial move. Don't reject a smart Roth conversion just because it creates a temporary Medicare surcharge, don't hold a bad investment forever just to avoid crossing a threshold, and don't let the fear of a one-year premium increase prevent a decision that saves much more in lifetime taxes or reduces long-term risk.

Ask yourself this, "Is the long-term benefit of this income decision worth the short-term Medicare cost?" Sometimes the answer is yes and sometimes no, but it should be a calculation, not a surprise.

YOUR ACTION FOR THIS MONTH

1. **Find your MAGI from two years ago.** Look at the tax return Medicare is using for your current premium year. That is usually your return from two years prior.
2. **Identify your nearest IRMAA threshold.** Don't just look at your current premium, know how close you are to the next cliff.
3. **Build IRMAA into Roth conversion planning.** Before converting IRA money, estimate the tax savings and the Medicare premium impact.
4. **Consider this question.** "Will this income push me across any tax, Medicare, or Social Security thresholds this year or two years from now?"

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READER Q&A

YOUR QUESTIONS, ANSWERED

This is the inaugural issue, so the questions below are ones we hear consistently from Real Daily readers in their 60s and 70s. Going forward, send your questions to playbook@realdaily.com — we read every one and answer the three most useful each month.

Q: I'm 68 and still haven't claimed Social Security. My wife claimed at 65. Is there any reason not to wait until 70?

Almost none, assuming your health is reasonable. Every month you delay past FRA, your benefit grows by roughly two-thirds of a percent — that's 8% per year. From 68 to 70 you're looking at roughly 16% more per month, for life, plus your wife's survivor benefit steps up to your amount if you go first. The only reason to reconsider is if you have a serious health condition that genuinely shortens your horizon, or if you urgently need the cash flow. Otherwise, hold.

Q: My CPA said Roth conversions aren't worth it because I'll be in a lower bracket in retirement. Isn't she right?

She might be right about the bracket, but possibly not about the conclusion. The question isn't just your rate now versus your rate later — it's also about the size of your future RMDs. If you have a large traditional IRA, RMDs starting at 73 (or 75 if you were born in 1960 or later) can push you into brackets higher than you expect, especially once Social Security becomes 85% taxable. Ask your CPA to run a projection showing your estimated taxable income at 75 with and without partial conversions. The comparison often surprises people.

Q: We have about $400,000 in home equity. Our kids keep saying we should downsize. We're 71 and don't want to move. Are we wrong?

You're not wrong — but run the numbers honestly before deciding. The question is what that equity is doing for you sitting in the house versus what it could do working in a portfolio or covering care costs later. If the house is fully paid off and your monthly expenses are manageable, staying put may make complete sense financially and certainly makes sense emotionally. The HECM standby line of credit discussed in this issue is worth looking at — it lets you access that equity as a buffer without selling or moving.

Q: My financial advisor charges 1% on assets. My neighbor says that's too much. Who's right?

It depends entirely on what you get for it. One percent on $800,000 is $8,000 a year. The question is whether you're receiving $8,000 of value: tax planning, Roth conversion guidance, Social Security strategy, withdrawal sequencing, IRMAA management, behavioral coaching during market drops. If you're getting genuine wealth management, 1% can be fair. If you're getting rebalanced index funds and a quarterly statement, it's too much — a fee-only fiduciary charges $3,000–$8,000 per year flat for the same thing. The test: ask your advisor directly, "Are you a fiduciary 100% of the time?" Get the answer in writing.

Q: What's the single most overlooked thing retirees should be doing that most aren't?

Checking their Social Security earnings record for errors. It takes 10 minutes at ssa.gov, and the SSA only corrects mistakes if you find them. Every year of earnings that's missing or understated reduces your benefit permanently. This is especially common for people who changed jobs frequently, had periods of self-employment, or worked early in their careers before electronic records were standard. Do it this week.

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NUMBERS TO KNOW

2026 LIMITS, BRACKETS & KEY DATES

These are the limits, brackets, and key dates that change every year. Reference them before any Roth conversion, RMD, or Medicare decision. Sources: IRS Rev. Proc. 2025-32, SSA.gov, CMS.

FEDERAL TAX BRACKETS — MARRIED FILING JOINTLY

10%	**$0 – $24,800**
12%	**$24,801 – $100,800**
22%	**$100,801 – $211,400**
24%	**$211,401 – $403,550**
32%	**$403,551 – $512,450**
35%	**$512,451 – $768,700**
37%	**$768,701+**

FEDERAL TAX BRACKETS — SINGLE FILER

10%	**$0 – $12,400**
12%	**$12,401 – $50,400**
22%	**$50,401 – $105,700**
24%	**$105,701 – $201,775**
32%	**$201,776 – $256,225**
35%	**$256,226 – $640,600**
37%	**$640,601+**

STANDARD DEDUCTIONS (2026)

Married filing jointly	**$32,200**
Single	**$16,100**
Head of household	**$24,150**
Over-65 add-on, MFJ (per spouse)	**+$1,650**
Over-65 add-on, single	**+$2,050**
Senior deduction — OBBBA*	**$6,000**

* Per qualifying taxpayer. Phases out above $75K (single) / $150K (joint).

CONTRIBUTION LIMITS

401(k) / 403(b)	**$24,500**
401(k) catch-up (50+)	**+$8,000**
Age 60–63 super catch-up	**+$11,250**
IRA / Roth IRA	**$7,500**
IRA catch-up (50+)	**+$1,100**
HSA — self only	**$4,400**
HSA — family	**$8,750**
HSA catch-up (55+)	**+$1,000**
FSA	**$3,400**

LONG-TERM CAPITAL GAINS

0% — Single	**Up to $49,450**
0% — MFJ	**Up to $98,900**
15% — Single	**$49,451 – $545,500**
15% — MFJ	**$98,901 – $613,700**
20% — Single	**$545,501+**
20% — MFJ	**$613,701+**
NIIT surcharge (+3.8%)	**MAGI $200K+ / $250K+**

SOCIAL SECURITY 2026

COLA (effective Jan 2026)	**2.8%**
Full Retirement Age (born 1960+)	**67**
Max monthly benefit at FRA	**$4,152**
Max monthly benefit at age 70	**$5,181**
Delayed credit per year (FRA → 70)	**8%**
Taxable wage base	**$184,500**
Earnings limit — under FRA	**$24,480**
Earnings limit — year of FRA	**$65,160**

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REQUIRED MINIMUM DISTRIBUTIONS

RMD start — born 1951–1959	**Age 73**
RMD start — born 1960+	**Age 75**
First RMD deadline	**Apr 1, following year**
Penalty — missed RMD	**25% of amount**
Reduced if self-corrected within 2 yrs	**10%**
QCD limit (age 70½+)	**$108,000**

RMD DIVISORS — UNIFORM LIFETIME TABLE

Age 73	**÷ 26.5**
Age 74	**÷ 25.5**
Age 75	**÷ 24.6**
Age 76	**÷ 23.7**
Age 77	**÷ 22.9**
Age 78	**÷ 22.0**
Age 79	**÷ 21.1**
Age 80	**÷ 20.2**
Age 81	**÷ 19.4**
Age 82	**÷ 18.5**

Divide prior Dec 31 IRA balance by divisor. Full table at IRS.gov Pub. 590-B.

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THE VAULT

THIS MONTH'S DOWNLOAD

The 2026 Retirement Numbers Cheat Sheet

Every issue, subscribers receive a downloadable resource — a cheat sheet, calculator, checklist, or template — that you can use immediately. This month's Vault item is a single-page PDF with every number you need for 2026 tax and retirement planning, formatted to print and keep.

INSIDE THIS MONTH'S CHEAT SHEET

- √ Federal income tax brackets — single and married filing jointly
- √ Standard deductions including over-65 add-on and OBBBA senior deduction
- √ 401(k), IRA, Roth IRA, HSA, and FSA contribution limits with all catch-up amounts
- √ Long-term capital gains brackets and NIIT threshold
- √ Social Security COLA, max benefits, wage base, and earnings limits
- √ Medicare Part B and Part D IRMAA brackets (based on 2024 MAGI)
- √ RMD start ages, penalties, QCD limit, and Uniform Lifetime Table divisors (ages 73–82)

Print it. Tape it inside your tax folder. Bring it to your next CPA or financial planner meeting. This is the kind of reference your advisor's office has on the wall — and the kind of thing you should never have to ask for again.

COMING IN THE NEXT ISSUE

- → **Cover Story:** The Three-Bucket Withdrawal Strategy That Survived 2008, 2020, and 2022
- → **The Loophole:** Qualified Charitable Distributions — How to Make Your RMD Vanish, Tax-Free
- → **Income Idea:** Covered Calls in Retirement — The Real Math, Honestly Done
- → **Real Estate:** Five States Slashing Property Tax for Retirees in 2026
- → **The Vault:** The Roth Conversion Calculator (Excel + Google Sheets)

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