

RETIREMENT TAX THRESHOLDS

The Four Cliffs

Four places in the tax code where one dollar of income costs far more than one dollar.

- The exact 2026 line for each cliff, single and married filing jointly
- What crossing each one costs, priced in dollars, with the arithmetic shown
- Why the Medicare cliff bills you two years after the income year
- A one-page worksheet: six lines from your last return, three numbers out
- A readout table that tells you which of the four you are closest to

Why these four are different from every other tax rule

Most of the tax code is a ramp. You earn another dollar and you pay your rate on it. Nothing else about your return changes. In retirement that stops being true in four specific places.

\$1 is the entire distance between paying no Medicare surcharge and paying a full year of it

For a married couple in 2026, that dollar carries a \$2,296 price. The dollar itself is taxed like any other. The surcharge is separate, and it is not prorated.

A ramp charges you for the dollar. A cliff charges you for the year.

A threshold is a cliff when crossing it changes the treatment of dollars you already had. The new dollar is not the expensive part. The expensive part is what it did to income you had already earned, or to a rate that had already applied to something else.

TWO WAYS A TAX RULE CAN BEHAVE

	A ramp	A cliff
What one more dollar does	It is taxed at your rate. Twelve cents, or twenty-two cents, on the dollar.	It changes how other dollars are treated, or triggers a charge set for the whole year.
Where the cost lands	On the new dollar only.	On the year. In one case, on a different year entirely.
Where it shows up	A slightly larger tax figure.	A Medicare notice two years later, more of your benefit taxed, or 15% on a gain you expected to be free.

There are other thresholds in the code. These four reach the most retired households and are the least visible on the return itself.

The four, named

- **The Medicare premium cliff.** One income line sets a surcharge for a year that has not happened yet.
- **The Social Security taxation cliff.** Each ordinary dollar drags part of your benefit into tax.
- **The capital gains cliff.** Ordinary income pushes your gains out of the 0% rate, a dollar at a time.
- **The survivor cliff.** The year after a death, the same income meets single-filer rules everywhere.

WHAT THIS DOCUMENT DOES AND DOES NOT DO

It gives you the 2026 line for each cliff, what crossing costs, and a worksheet that locates your household against all four. It does not tell you what to do about it.

Cliff one and cliff two

One. The Medicare premium cliff, known as IRMAA

\$2,296

a married couple pays for the year after crossing the first income line by any amount

That is \$1,148 each: an \$81.20 Part B surcharge and a \$14.50 Part D surcharge, monthly, for twelve months, for both spouses.

IRMAA is the income-related surcharge added to Medicare Part B and Part D premiums. It is not a phase-in: a household at \$218,000 of modified adjusted gross income pays nothing extra, and one at \$218,001 pays the full first-tier amount for all twelve months. It is also billed late, because the surcharge is set from the return filed two years earlier.

THE 2026 LINE

	Single	Married filing jointly
First tier begins above this modified adjusted gross income	\$109,000	\$218,000
Cost once crossed, full year	\$1,148	\$2,296, both spouses
Which return sets it	2024 sets 2026	2026 sets 2028

Modified adjusted gross income here is adjusted gross income plus tax-exempt interest. The 2027 brackets have not been published. They normally appear in November 2026, and any 2027 figure quoted before then is an estimate.

Two. The Social Security taxation cliff

22.2%

the effective rate on an ordinary dollar inside the phase-in band, while the bracket table says 12%

A dollar of ordinary income makes 85 cents of benefit taxable alongside it, so \$1.85 is taxed at 12%.

How much of your Social Security is taxed depends on provisional income: your adjusted gross income other than Social Security, plus tax-exempt interest, plus half your benefit. Inside the band above the thresholds, each ordinary dollar pulls benefit dollars into taxable income with it. The thresholds have never been adjusted for inflation, so every year of benefit increases moves more households into the band with no change in the law.

THE 2026 LINE, WHICH IS ALSO THE 1984 LINE AND THE 1994 LINE

	Single	Married filing jointly
Above this provisional income, up to 50% of the benefit becomes taxable	\$25,000	\$32,000
Above this provisional income, up to 85% becomes taxable	\$34,000	\$44,000
Last indexed for inflation	Never	Never

The lower thresholds took effect in 1984 under the 1983 amendments and the 85% tier was added in 1993. At a 22% bracket the same arithmetic gives 40.7%.

Cliff three and cliff four

Three. The capital gains cliff

\$3,000 of federal tax created on gains you already planned to sell, by \$20,000 of unrelated ordinary income

A couple with \$78,900 of ordinary taxable income and \$20,000 of long-term gain sits at \$98,900 and owes nothing on the gain. Add \$20,000 of ordinary income and the gain is taxed at 15%.

Long-term gains are taxed at 0% while total taxable income stays at or below the ceiling. Gains stack on top of ordinary income rather than beside it, so ordinary income fills the space under the ceiling first and the gains sit on what is left. A conversion or an extra distribution in the year of a planned sale changes the rate on the sale without changing the sale.

THE 2026 LINE

	Single	Married filing jointly
Top of the 0% long-term capital gains rate, measured on taxable income	\$49,450	\$98,900
Rate on gains above that line	15%	15%
What moves a dollar of gain across it	One dollar of ordinary income	One dollar of ordinary income

Taxable income means income after your standard or itemized deduction, and it includes the gains themselves.

Four. The survivor cliff, the largest of the four

\$3,208 more federal tax on the same \$80,000 of taxable income, filing single instead of jointly, at 2026 rates

That is the bracket effect alone, before the smaller deduction, the halved Medicare line, and the lower Social Security threshold.

A couple files jointly through the year one spouse dies. From the following year the survivor files single on a household income that usually does not fall by half. Pensions often continue at a reduced percentage, the larger Social Security benefit continues as a survivor benefit, and the portfolio is unchanged, while every threshold here is cut roughly in half.

WHAT CHANGES IN THE FIRST FULL YEAR OF FILING SINGLE

	Joint, both 65 or older	Single, 65 or older
Standard deduction including the age-65 addition	\$35,500	\$18,150
Senior deduction available 2025 through 2028	\$12,000	\$6,000
Top of the 12% bracket	\$100,800	\$50,400
IRMAA first tier begins above	\$218,000	\$109,000
Social Security 85% threshold	\$44,000	\$34,000

A joint return is allowed for the year of the death itself. Qualifying surviving spouse status requires a dependent child.

The worksheet: where you actually sit

Get your most recent filed federal return. Six figures from it produce the three numbers every cliff here reads. Form line numbers change, so each line is described by what it is.

STEP ONE. SIX LINES FROM YOUR RETURN

A. Total income for the year, not counting Social Security	\$ _____
B. Tax-exempt interest, the municipal bond interest line	\$ _____
C. Gross Social Security benefits, from the SSA-1099	\$ _____
D. The taxable part of Social Security shown in your income	\$ _____
E. Adjustments subtracted to reach adjusted gross income	\$ _____
F. Deductions subtracted after adjusted gross income	\$ _____

Line A is pensions, retirement account withdrawals, interest, dividends, capital gains, wages, rents and business income. Line E is deductible IRA and health savings account contributions and similar items. Line F is your standard or itemized deduction, the senior deduction, and any qualified business income deduction. Enter zero where a line does not apply.

STEP TWO. THREE NUMBERS OUT

(a) Your MAGI for Medicare. A plus D minus E plus B	\$ _____
(b) Your provisional income for Social Security. A minus E plus B plus half of C	\$ _____
(c) Your taxable income. A plus D minus E minus F	\$ _____

STEP THREE. WHICH CLIFF ARE YOU CLOSEST TO

Cliff	Which number	The 2026 line, single / joint	Over or under, and by how much
Medicare surcharge, tier one	(a)	\$109,000 / \$218,000	
Social Security, 50% band	(b)	\$25,000 / \$32,000	
Social Security, 85% band	(b)	\$34,000 / \$44,000	
Top of the 0% gains rate	(c)	\$49,450 / \$98,900	
Survivor test, Medicare	(a)	\$109,000, single	
Survivor test, 0% gains	(c)	\$49,450, single	

Use the column that matches how you file. Use the single figure for both survivor rows.

HOW TO READ THE COLUMN YOU JUST FILLED IN

The row with the smallest gap is the cliff nearest your household. A small plus on a survivor row deserves the most attention, because that crossing is not optional and its date is not chosen.

What to do with what you just learned

Three moves follow from the worksheet. None of them requires a product, a transaction, or a decision made this month. Each one is a piece of arithmetic you can do at a kitchen table, and each one is the sort of thing that is far easier to do early than to fix later.

One. Know which year is being measured right now

The Medicare surcharge is the only cliff in this document that bills you in a different year from the one you crossed it in. Your 2026 income sets your 2028 premiums. That means the return you are filing this year is already deciding a bill you will not see for two years, and by the time the notice arrives the income year is closed. Write the pair down: this income year, that premium year. It is the single fact most people learn two years too late.

Two. Know your conversion room before required distributions begin

Required minimum distributions begin at age 73, and from that point the taxable income floor rises on a published schedule you do not control. The years between retiring and 73 are the years in which the timing of taxable income is still yours to choose. Take your number (c) from the worksheet, subtract it from the top of the bracket you are willing to fill, and you have the size of that year's window. Do it again with number (a) against the Medicare line and number (b) against the Social Security band, because the smallest of the three is the real window, not the largest.

Three. Run the survivor number while both spouses are alive

This is the calculation almost nobody performs, and it can only be performed in advance. Take the household income you expect in an ordinary retirement year, subtract the smaller of the two Social Security benefits, apply whatever survivor percentage your pension actually pays, and run the result through the single column of every table in this document. The answer tells you what the survivor's tax year looks like. It is a number, it is knowable today, and knowing it early is the only thing that makes it possible to plan around.

- ☐ Write your income year and the premium year it sets on the front of your tax folder.
- ☐ Complete the six worksheet lines from your most recent filed return.
- ☐ Circle the row in the readout table with the smallest gap.
- ☐ Run the same three numbers a second time using the single column, as the survivor test.
- ☐ Put the completed page in front of your tax preparer before the year ends, not after.

A household that wants the full arithmetic, run year by year and account by account rather than threshold by threshold, will find it in the planner sold separately on this site.

Sources and how to check us

Every figure in this document traces to a primary government source. Numbers change. When they do, check the source, not a blog. This page is here so you can.

- **2026 IRMAA tier one begins above \$109,000 single and \$218,000 joint. Tier one Part B is \$284.10 against a \$202.90 standard premium, an \$81.20 surcharge, plus a \$14.50 Part D surcharge: \$1,148 per person a year, \$2,296 for a couple.** SSA POMS HI 01101.020, IRMAA sliding scale tables; CMS 2026 Medicare Parts A & B Premiums and Deductibles fact sheet.
<https://secure.ssa.gov/poms.nsf/lnx/0601101020>
- **The 2026 Part B standard premium is \$202.90 a month and the annual deductible is \$283.** CMS, 2026 Medicare Parts A & B Premiums and Deductibles.
<https://www.cms.gov/newsroom/fact-sheets/2026-medicare-parts-b-premiums-deductibles>
- **IRMAA uses a two-year lookback, so 2026 income sets 2028 premiums. Modified adjusted gross income here is adjusted gross income plus tax-exempt interest.** SSA, Medicare Premiums: Rules for Higher-Income Beneficiaries; Form SSA-44 instructions.
<https://www.ssa.gov/benefits/medicare/medicare-premiums.html>
- **Social Security is taxable above provisional income of \$25,000 and \$34,000 single, \$32,000 and \$44,000 joint. Provisional income is adjusted gross income other than Social Security, plus tax-exempt interest, plus half the benefit.** SSA, Income Taxes and Your Social Security Benefit.
<https://www.ssa.gov/benefits/retirement/planner/taxes.html>
- **The lower thresholds took effect in 1984 under the 1983 amendments; the 85% tier was added in 1993. Neither is indexed.** SSA, Legislative History: 1983 Amendments; Congressional Research Service, Social Security: Taxation of Benefits (RL32552).
<https://www.ssa.gov/history/1983amend.html>
- **For 2026 the 0% long-term capital gains rate applies to taxable income up to \$49,450 for single filers and \$98,900 for married couples filing jointly, with a 15% rate above those amounts.** IRS Rev. Proc. 2025-32, 2026 inflation adjustments.
<https://www.irs.gov/pub/irs-drop/rp-25-32.pdf>
- **2026 brackets: single 10% to \$12,400, 12% to \$50,400, 22% to \$105,700; joint 10% to \$24,800, 12% to \$100,800, 22% to \$211,400. Tax on \$80,000 of taxable income is \$9,104 joint and \$12,312 single, a difference of \$3,208.** IRS, Tax inflation adjustments for tax year 2026; Rev. Proc. 2025-32.
<https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill>
- **2026 standard deduction \$16,100 single and \$32,200 joint, plus \$2,050 for a single filer over 65 and \$1,650 per spouse over 65 on a joint return: \$35,500 joint and \$18,150 single.** IRS Rev. Proc. 2025-32, 2026 inflation adjustments.
<https://www.irs.gov/pub/irs-drop/rp-25-32.pdf>
- **A separate \$6,000 per-person deduction for taxpayers 65 and older applies for 2025 through 2028 and phases out above stated income levels.** IRS, Working Families Tax Cuts: individuals and workers.
<https://www.irs.gov/newsroom/working-families-tax-cuts-individuals-and-workers>
- **A joint return may be filed for the year of a spouse's death. From the following year the survivor files single unless qualifying surviving spouse status applies, which requires a dependent child.** IRS Publication 501, Filing Status.
<https://www.irs.gov/publications/p501>
- **Required minimum distributions begin for the year the account owner reaches age 73.** IRS, Retirement plan and IRA required minimum distributions FAQs.
<https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs>

Important disclosures

This document is educational material. It is not tax advice, legal advice, or investment advice, and it is not a recommendation to buy, sell, or hold any security or insurance product. No part of it is personalized to your situation.

Tax law, Social Security rules, and Medicare premium brackets change. Figures are current as of publication for the plan year stated on the cover. Confirm every number against the primary source cited on the sources page before you act on it.

You should consult a qualified tax professional, attorney, or financial advisor about your own circumstances before making a decision. Nothing in this document creates an advisory relationship.

Worksheets and calculators in this document are planning tools. Their output is an estimate produced from the numbers you enter. They do not file, submit, or transmit anything to any agency.

Past results do not predict future results. Any example, case study, or illustration is hypothetical and is used to demonstrate the mechanics of a rule, not to project an outcome.

The 2027 IRMAA brackets have not been published. They are normally announced in November 2026. Every IRMAA figure in this document is a 2026 figure, set from 2024 income, and the thresholds and surcharge amounts change from year to year.

The dollar figures used to price each cliff are arithmetic illustrations built from the stated 2026 thresholds and rates. They show how a rule operates. They are not estimates of what any particular household would pay, and they do not account for state income tax, the net investment income tax, credits, phase-outs, or any provision not named on the page where the figure appears.

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