



Optimize Your Social Security & Medicare

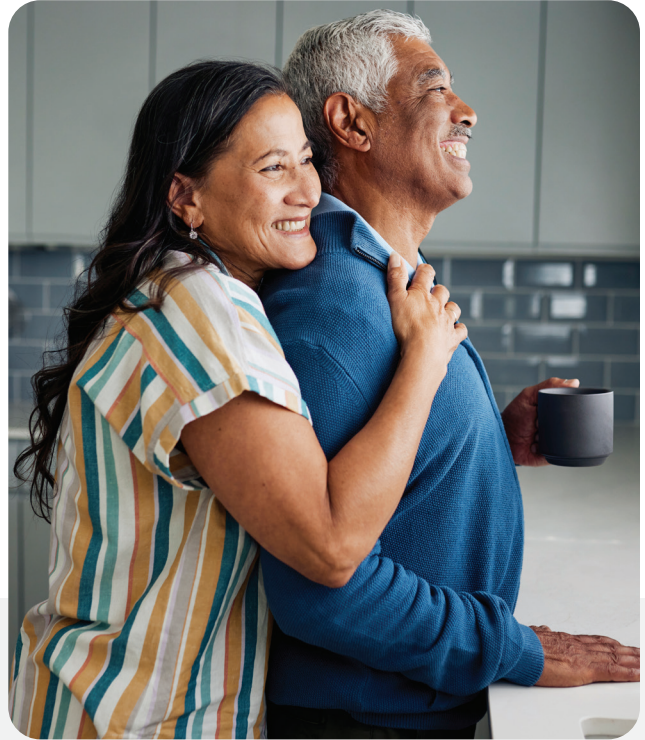
How to Make Smart, Coordinated
Decisions About the Benefits
You've Earned

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Why Coordination Matters



There's no shortage of advice about when to file for Social Security or how to navigate Medicare — but the real challenge isn't just making a choice. It's making the right choice for your situation. These two programs were built to work together, but most people make decisions about them in isolation—and miss key opportunities in the process.

In this guide, we'll break down what to consider before you claim, how your choices interact, and how to avoid the most common (and costly) mistakes. Because once these decisions are in motion, they're hard to unwind—and they can affect your taxes, income, and premiums for the rest of your retirement.



What's the Best Time to Claim Social Security?

Your claiming age has a permanent impact on your monthly benefit. Full retirement age (FRA) is the point at which you're eligible to receive your full, unreduced Social Security benefit.

For most people retiring today, FRA falls between 66 and 67, depending on your birth year.

- If you claim early—at age 62, the first year you're eligible—your benefit is permanently reduced by as much as 25% to 30%.
- If you delay past your FRA, you earn delayed retirement credits, which increase your monthly benefit by 8% per year up until age 70.

The difference can be substantial. Someone with an FRA of 67 who waits until 70 could receive a benefit that's roughly 77% higher than if they had claimed at 62.

But the numbers don't tell the whole story. Longevity, spousal coordination, current income needs, and investment risk tolerance all play a role. For example, a married couple might benefit from one spouse claiming early while the other delays—maximizing household income over time.

The break-even point for delaying is often between the ages of 78 and 82, depending on your assumptions. If you have a history of longevity in your family or other assets to draw on, waiting can significantly increase your lifetime benefits.



Planning Step: Review your Social Security statement at <https://www.ssa.gov>. Compare your benefits at ages 62, Full Retirement Age (FRA), and 70. If you're married, map out different scenarios for you and your spouse to see how coordination affects long-term household income.



2 How Will Social Security Affect Your Taxes?

Up to 85% of your Social Security benefit can be taxable depending on your total income. The IRS uses a formula called 'provisional income,' which includes your adjusted gross income, tax-exempt interest, and half of your Social Security.

This means that drawing income from traditional IRAs, doing Roth conversions, or even earning interest in taxable accounts can all push more of your Social Security into the taxable range. It's a common blind spot—people think of Social Security as 'tax-free,' only to discover they owe more than expected.

And remember: higher taxable income can also lead to IRMAA surcharges for Medicare. One decision can have a ripple effect across both systems.



Planning Step: Estimate your provisional income using your current retirement income sources.

Work with your advisor to see how much of your Social Security benefit might be taxed—and explore ways to reduce taxable income, like Roth withdrawals or tax-efficient investing.

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What Should You Know Before Enrolling in Medicare?



Medicare eligibility begins at 65, but the enrollment process isn't automatic for everyone. If you're not already receiving Social Security, Medicare enrollment requires a separate application. Missing key deadlines can result in permanent penalties—10% for each year you delay Part B unless you have qualifying coverage.

You'll need to decide between Original Medicare (Parts A & B) with a Medigap policy, or Medicare Advantage (Part C), which combines coverage into a single plan. Both come with trade-offs.

Original Medicare offers broad flexibility—you can see almost any doctor or specialist in the U.S. who accepts Medicare, with no need for referrals. But it doesn't have a cap on out-of-pocket costs, which means expenses can add up. That's why many people choose to add a Medigap (or Medicare Supplement) plan to help cover costs such as deductibles, coinsurance, and copayments.

Medicare Advantage (Part C) is an alternative that combines hospital, medical, and often drug coverage into a single plan, usually with lower monthly premiums. But those plans typically come with network restrictions, may require referrals for specialists, and can limit access to out-of-area providers—especially if you travel frequently or split time between states.



Planning Step: If you're approaching 65, review your current healthcare coverage. Determine if you need to enroll or defer.

Compare Medigap and Advantage plans—not just by cost, but based on how and where you want to receive care.



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How Do IRMAA and Medicare Premiums Interact With Your Income?

Your Medicare Part B and Part D premiums are based on your income from two years prior. If your income crosses certain thresholds, you'll face IRMAA—income-related monthly adjustment amounts. These surcharges can add hundreds of dollars a month to your premiums.

For example, in 2025, a married couple filing jointly with MAGI (Modified Adjusted Gross Income) above \$206,000 will pay significantly more for Medicare. One-time income spikes—like Roth conversions, asset sales, or even RMDs—can push you into higher tiers.

There is an appeals process if your income has dropped due to qualifying events like retirement, divorce, or the death of a spouse. But absent those life changes, IRMAA surcharges stick.



Planning Step: Review your modified adjusted gross income and check it against current IRMAA brackets. If you're planning a large Roth conversion or withdrawal, consider spacing it over multiple years to stay below thresholds—or evaluate the trade-off consciously as part of a broader plan.

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Why Social Security and Medicare Decisions Should Be Coordinated

These benefits are deeply interconnected. When you claim Social Security, it affects your Medicare premiums, taxable income, and cash flow. Likewise, how you draw income from other sources can affect what you keep from both.

Too often, people make Social Security decisions based on maximizing benefits without considering tax ripple effects. Or they make Medicare elections based solely on monthly premiums, ignoring how those plans fit into their broader health needs or travel plans in retirement. **The right decision is the one that fits your goals, timeline, and complete financial picture—not just what looks best on paper.**



Planning Step: Build a coordinated benefit map. Identify your projected income sources each year from 62 to 75. Map out when to take Social Security, when to enroll in Medicare, and how those choices affect taxes and premiums over time.

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Ready to Optimize Your Benefits?

You've earned these benefits—and you deserve to make the most of them. With the right strategy, you can avoid unnecessary taxes, minimize Medicare costs, and give yourself more flexibility in retirement.

If you're looking for help building a benefits plan that fits your life and your priorities, let's talk. We'll look at your situation and walk through how Social Security and Medicare can work together—not against each other—to support your goals.

Make Your Life Count!



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