Your Retirement Independence

Smart Strategies, Real Solutions

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We believe comprehensive planning is the best way to provide advice to our clients. Our advisors specialize in Retirement Income Planning & Investment Advice for all planning stages - growth of assets, protecting and growing retirement income, and creating income streams from lump sum 401(k)/IRA accounts.

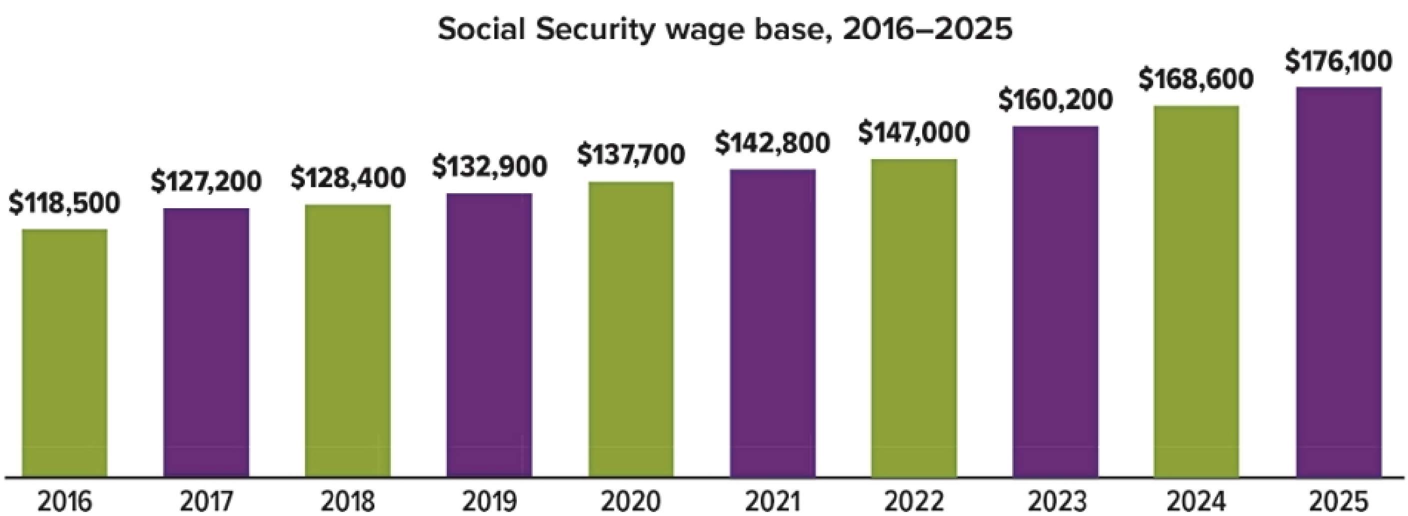
To refer a friend or schedule a complimentary consultation, call us, visit our Contact Us page at www.SilverLeafAdv.com, or schedule online by clicking here.

Thank you for your interest in our services and enjoy this edition of "Your Retirement Independence" and the "Weekly Market Update" linked here.

Social Security Wage Base for 2025 Is Highest Yet

The Social Security wage base (also called the "contribution and benefit base" or the "taxable maximum") is the amount of earnings subject to Social Security tax in a given year. The Social Security Administration sets the wage base each year according to changes in the national average wage index. In 2025, the wage base is $176,100, a 4.4% increase over 2024, and a 48.6% increase over the last decade.

The wage base limit is only for Social Security tax. There is no wage base limit for Medicare tax.



Source: Social Security Administration, 2025

Will You Pay a Medicare Surcharge?

Medicare is a federal program that provides health insurance to retired individuals, regardless of their medical condition, and certain younger people with disabilities or end-stage renal disease. Medicare has several parts, many of which include a premium cost based on your tax filing status and income. If your income is high, in some cases you may be subject to a premium surcharge called the income-related monthly adjustment amount (IRMAA).

What does Medicare cover?

Medicare coverage consists of two main parts: Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). These parts together are known as Original Medicare. A third part, Medicare Part C (Medicare Advantage), covers all Part A and Part B services and may provide additional services. A fourth part, Medicare Part D, offers prescription drug coverage that can help you handle the rising costs of prescriptions.

What does Medicare cost?

Most people age 65 or older who are citizens or permanent residents of the United States are eligible for Medicare Part A without paying a monthly premium. Although Medicare Part B is optional, most people sign up for it. If you want to join a Medicare Advantage plan, you'll need to enroll in both Parts A and B. And Medicare Part B is never free — you'll pay a monthly premium for it, even if you are eligible for premium-free Medicare Part A. If you delay starting Part B or Part D after age 65, you may also be subject to a surcharge unless you continue to work and are covered by a workplace health plan.

The standard Part B premium is $185.00 in 2025. However, premiums for Part B and Part D can vary based on income levels. If your modified adjusted gross income (MAGI) as reported on your federal income tax return from two years ago is above a certain amount, you'll pay the standard premium plus the IRMAA surcharge. You'll receive a notice from the Social Security Administration if you're subject to IRMAA.

The table shows what you'll pay per month in 2025 based on your tax filing status and income:

MAGI for single filers	MAGI for joint filers	Part B premium	Part D premium
$106,000 or less	$212,000 or less	$185.00	Your plan premium
$106,001 – $133,000	$212,001 – $266,000	$259.00	$13.70 + plan premium
$133,001 – $167,000	$266,001 – $334,000	$370.00	$35.30 + plan premium
$167,001 – $200,000	$334,001 – $400,000	$480.90	$57.00 + plan premium
$200,001 – $499,999	$400,001 – $749,999	$591.90	$78.60 + plan premium
$500,000 or above	$750,000 or above	$628.90	$85.80 + plan premium

Premiums for 2025 are based on MAGI for the 2023 tax year. Source: Centers for Medicare & Medicaid Services, 2024

What can you do to lower your income?

Most people may see a decline in their income once they retire. However, high-income Medicare recipients may want to lower their income to help reduce the potential premium surcharges. Here are some ideas:

- Put off transactions that could increase income, such as the sale of real estate or stocks.
- Defer distributions from tax-qualified accounts such as IRAs and 401(k)s as long as possible.
- Rethink the timing of converting IRA funds to a Roth IRA to avoid increased taxable income.

Since your income is based on information from two years ago, it may subsequently change, or you may experience a life-changing event (as defined by the SSA) that causes a reduction in your income. Report income changes to the SSA as soon as possible. You'll need to provide documentation verifying the event and your reduction in income. Visit https://www.ssa.gov/benefits for more information.

Get help

Navigating Medicare programs and their costs can be tricky. You might consider consulting with an appropriately qualified professional for help.

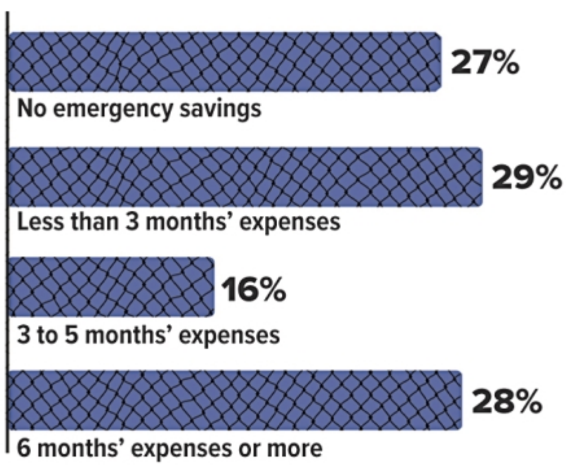
Financial Safety Nets: Exploring Available Sources of Emergency Funds

In moments of unexpected financial turmoil, having access to emergency funds can be the difference between a minor inconvenience and a major life disruption. Whether you have a sudden medical bill, car repair, or job loss, knowing where to turn for emergency financial support is crucial. However, not everyone has access to a financial safety net — nearly 60% of U.S. adults are uncomfortable with their level of emergency savings.[1] Fortunately, there are options when it comes to exploring available sources of emergency funds.

Emergency savings account

A separate account dedicated solely to emergencies is the cornerstone of any financial plan and acts as the first line of defense in times of crisis. Generally, you'll want to have at least three to six months' worth of living expenses (e.g., mortgage, groceries, or car loan) in a readily accessible account. The actual amount, however, should be based on your particular circumstances, such as your job security, health, and income. In addition, review your emergency fund from time to time — either annually or when your personal or financial situation changes (e.g., a new baby or buying a home).

How Much Adults Have in Emergency Savings



Source: Bankrate survey, May 17–20, 2024

Credit cards and personal loans

While not ideal, credit cards can provide immediate access to funds in an emergency. They are particularly useful for covering short-term expenses that can be paid off quickly in order to avoid paying high interest rates. Cards that offer balance transfers with low introductory rates can also be used, as long as you are disciplined with your repayments in order to avoid incurring additional debt. Personal loans from banks, credit unions, or online lenders can also be a viable option for covering emergency expenses. These loans often come with fixed interest rates and structured repayment plans. However, loan eligibility and interest rates will vary, depending on the lender and your personal financial situation. And of course it takes time to obtain a loan.

HELOCs

For homeowners, a home equity line of credit (HELOC) is a revolving line of credit secured by the equity you've built in your home. Unlike a home equity loan, which provides a lump sum, a HELOC functions more like a credit card. You can borrow up to a predetermined credit limit and repay over time, with the ability to borrow again as needed during the draw period. This option usually offers lower interest rates and more flexibility compared to credit cards or personal loans. However, there are some drawbacks to using a HELOC. Most HELOCs have variable interest rates, which means payments can increase if interest rates rise. In addition, since a HELOC is secured by your home, you could face foreclosure if you can't repay it.

Retirement accounts

When faced with an unexpected expense, another possible source of emergency funds is a retirement account, such as a 401(k) or IRA. Although most withdrawals prior to age 59½ are subject to income tax and a 10% penalty tax, you may be able to take penalty-free early distributions for specific emergencies. These include disability, extraordinary unreimbursed medical expenses, disaster recovery, up to $1,000 per year for general emergencies, and other situations. Ordinary income taxes and certain restrictions apply.

In addition, many 401(k) plans allow participants to take out loans. Typically, you can borrow up to 50% of your account balance or $50,000, whichever is less. The loans generally must be repaid within five years unless used for a first-time home purchase. You may also be able to take a hardship withdrawal in certain circumstances. Hardship withdrawals may be subject to the 10% early withdrawal penalty, as well as ordinary income tax. Check with your plan or IRA administrator to see what options are available to you.

Finally, keep in mind that contributions to a Roth IRA can be withdrawn at any time without taxes or penalties, since they are made with after-tax dollars. Nonqualified withdrawals of earnings, on the other hand, are subject to ordinary income taxes and the 10% early withdrawal penalty. Qualified Roth IRA withdrawals are those made after five years and the account owner reaches age 59½, dies, or becomes disabled.

1) Bankrate's 2024 Annual Emergency Savings Report

Peer-to-Peer Payments Are Popular, but Be Careful

Making a peer-to-peer (P2P) payment is a convenient way to transfer money to family, friends, or businesses. Whether you're splitting a bill or paying a babysitter, if you have someone's contact information, you can send or receive money quickly and easily using a mobile app or an online platform linked to your bank account or credit card.

Most P2P transactions go smoothly, but what happens when something goes wrong? Unauthorized transactions will generally be refunded by the P2P service. But what if you accidentally type an incorrect character in a username and send money to a stranger, or you're tricked into transferring funds to a scammer? Unfortunately, in either of those situations, because you've authorized the transaction, the P2P service or your financial institution is generally not required to reverse it or issue a refund, so your money is likely gone for good.

Take precautions to help avoid costly mistakes

Verify requests, especially if they are unexpected. Scammers may try to persuade you to send money by pretending to be an acquaintance, a bank representative, or a merchant — make sure you really know and trust the person who contacted you.

Double-check information before sending funds. Confirm that the recipient's contact information is correct, and consider sending a small test payment to make sure that the right person received it. And check the amount you're sending to help avoid transferring more than you intended.

Use available security features. These include multi-factor authentication, biometrics, and passkeys. Keep your app up to date to ensure you have the latest protection, and never share your credentials or make payments through unsecured networks.

72% of consumers use P2P services.

Source: Federal Reserve Bank of Atlanta, 2024

Read terms and conditions. Make sure you understand what fraud protections and policies apply to the P2P service you're using.

Pay attention to permissions. If the app allows social sharing of transactions, check the permissions you're granting. Periodically review privacy notices and disclosures to make sure your selections match your privacy preferences.

If you do encounter a problem, contact the app's customer service department and your financial institution; ask them to investigate, and find out what recourse you may have.