



2024 Tax Rates and Planning Limits

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As we start the new year, we want to help you plan for 2024 by providing important information related to tax rates and other planning thresholds. The IRS recently announced inflation-adjusted updates for 2024. A brief summary is below along with the accompanying one-page summary. These numbers are for the tax year beginning January 1, 2024.

TAX BRACKETS, RATES, AND EXCLUSIONS

From a tax perspective, the 2024 rates and exclusions look familiar; however, there have been adjustments to the taxable income levels within the brackets. There has been no change to the seven ordinary income tax brackets, ranging from 10% to 37%, but the income levels at which those brackets apply have slightly increased. The standard deduction has increased, as well as the additional deduction for being at least 65 or blind. Similar to the ordinary income tax brackets, the capital gains rates have stayed the same at 0%, 15%, and 20%, but the taxable income level at which each rate applies has increased. The annual gift tax exclusion has increased to \$18,000 per donor, per donee and \$36,000 for married couples who elect to split gifts. The estate tax exemption has increased to \$13.61 million per individual for 2024.

RETIREMENT ACCOUNTS

Retirement account contribution limits and phaseouts for 2024 have also increased, allowing for additional savings on a tax-preferred basis. Employee elective deferral limits for employer plans such as 401(k)s, 403(b)s, and other defined contribution plans have increased to \$23,000, with a \$7,500 catch-up for those age 50 and older. The employee and employer combined limit for these plans increased to \$69,000 (not including catch-up contributions). For IRA owners, contribution limits increased to \$7,000 and catch-ups are still \$1,000 for those age 50 and older. The IRA phase-out income limit has also increased for Traditional and Roth IRAs.

While not an IRS adjusted figure, the Social Security benefit cost of living adjustment for 2024 is 3.2% and the Social Security wage base, the maximum amount of earnings subject to Social Security tax is \$168,400.

SECURE Act 2.0 Provisions Effective in 2024

As you may be aware, the SECURE Act 2.0 that was passed by Congress back in December of 2022 brought about several new provisions and changes to previous provisions established by the original SECURE Act from 2019. To keep you up to date with these changes, please see below for a list of the major provisions that will go into effect starting in 2024.

- Catch-up contributions to employer retirement plan(s) must be made to a Roth account if the prior year wages were greater than \$145,000. (**Per Notice 2023-62 the effective date has been pushed to 2026**)
- SIMPLE IRAs:
 - Employers can make additional contributions of up to the lesser of: 10% of compensation or \$5,000
 - Contribution limits (including catch-up) increase by 10% for employers with:
 - ≤ 25 employees or 25-100 employees who increase their match to 4% or their nonelective employer contribution to 3%, as applicable
- IRA Catch-up contributions will be indexed for inflation in \$100 increments
- Maximum Annual QCD Amount indexed for inflation
- Surviving spouses allowed to use deceased spouse's age to calculate RMDs
- Elimination of RMDs from Employer Plan Roth Accounts
- The ability to make direct 529-to-Roth IRA transfers (certain rules and limitations apply)
- Emergency Withdrawal and Domestic Abuse Withdrawals added as exceptions to the 10% early withdrawal penalty for distributions from retirement plans
- Reduction of hours required for part-time workers to be eligible for retirement plans
- Effective for plan years beginning in 2024, employers will be able to amend their plans to allow employer matches for amounts paid by participants towards their student loans
- The ability to establish Emergency Savings Accounts linked to retirement plans
- The ability to establish a "Starter 401(k)" plan
- Solo 401(k) plans can be funded with deferrals up to the due date of the tax return (without extensions)

Staying up to date on these changes and how they apply is important. If you have any questions about how any of these changes may apply to you, please don't hesitate to contact us. We would be happy to speak with you further about how your situation may be affected.

2024 Tax Rates and Planning Limits

Tax Rate Schedule

Taxable Income (\$)	Tax Due
SINGLE	
\$0 - \$11,600	10% of taxable income
\$11,601 - \$47,150	\$1,160 + 12% of the amount over \$11,600
\$47,151 - \$100,525	\$5,426 + 22% of the amount over \$47,150
\$100,526 - \$191,950	\$17,169 + 24% of the amount over \$100,525
\$191,951 - \$243,725	\$39,111 + 32% of the amount over \$191,950
\$243,726 - \$609,350	\$55,679 + 35% of the amount over \$243,725
Over \$609,350	\$183,647 + 37% of the amount over \$609,350
MARRIED FILING JOINTLY	
\$0 - \$23,200	10% of taxable income
\$23,201 - \$94,300	\$2,320 + 12% of the amount over \$23,200
\$94,301 - \$201,050	\$10,852 + 22% of the amount over \$94,300
\$201,051 - \$383,900	\$34,337 + 24% of the amount over \$201,050
\$383,901 - \$487,450	\$78,221 + 32% of the amount over \$383,900
\$487,451 - \$731,200	\$111,357 + 35% of the amount over \$487,450
Over \$731,200	\$196,670 + 37% of the amount over \$731,200
TRUSTS AND ESTATES	
\$0 - \$3,100	10% of taxable income
\$3,101 - \$11,150	\$310 + 24% of the amount over \$3,100
\$11,151 - \$15,200	\$2,242 + 35% of the amount over \$11,150
Over \$15,200	\$3,660 + 37% of the amount over \$15,200

Long-Term Capital Gains and Qualified Dividend Rates

Tax Rate	Single	Married Filing Jointly
0%	\$0 - \$47,025	\$0 - \$94,050
15%	\$47,026 - \$518,900	\$94,051 - \$583,750
20%	Over \$518,900	Over \$583,750

Individual Retirement Accounts

Account	Contribution Limit
Traditional IRA	\$7,000
Catch-up contribution	\$1,000
Roth IRA	\$7,000
Catch-up contribution	\$1,000

IRA Contribution Phase Outs

Account	Filing Status	Income Phase Outs
Deductible IRA	Single	\$77,000 - \$87,000
	Married Filing Jointly	\$123,000 - \$143,000
Roth IRA	Single	\$146,000 - \$161,000
	Married Filing Jointly	\$230,000 - \$240,000

Health Savings Accounts

	Self-only	Family
HSA Contribution Limit (company + employee)	\$4,150	\$8,300
Catch-up for 55 and older	\$1,000	\$1,000

Standard Deductions

Filing Status	Standard Deduction Amount
Single	\$14,600
Married Filing Jointly & Surviving Spouses	\$29,200
Married Filing Separately	\$14,600
Head of Household	\$21,900
65 + or blind - Single	Additional \$1,950
65 + or blind - Married	Additional \$1,550

Retirement Plan Limits

Annual compensation limit to determine contributions for most plans	\$345,000
Defined contribution plan total contribution limit	\$69,000
Defined benefit plan maximum benefit amount	\$275,000
401(k), 403(b), 457, and Roth 401(k) employee elective deferral limit	\$23,000
Catch-up for 50 and older: 401(k), 403(b), 457, Roth 401(k)	\$7,500
SIMPLE plans employee elective deferral limit	\$16,000
Catch-up for 50 and older: SIMPLE plans	\$3,500

Net Investment Income Tax	Gift Tax Exclusion	Federal Estate Tax Exemption
3.8%	Individual	Individual
Single AGI Over \$200,000	\$18,000 per donee	\$13,610,000
Married Filing Jointly AGI Over \$250,000	Married (Gift Splitting) \$36,000 per donee	



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