

TaxUpdate

2024 TAX PREVIEW NEWSLETTER

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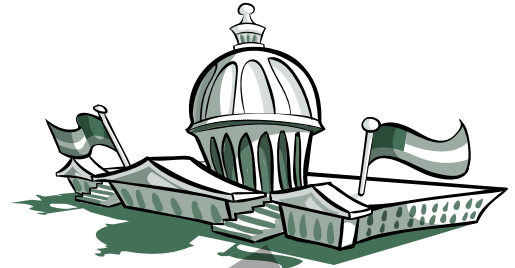
Great Tips to Start the Year Right

Here are some tax tips to get you going into the new year with a brighter tax future on your horizon.

- 1 Review beneficiaries.** Now is the time to review beneficiaries in all your retirement accounts and insurance policies. While it might not impact your tax situation, it could impact others if not structured correctly.
- 2 Fully fund FSA or HSA.** Flexible Savings Accounts and Health Savings Accounts are a great way to pay for qualified medical, dental, and vision care using pre-tax dollars. But it only works if you fund your account. So check with your employer and plan to take full advantage of this great tax benefit.
- 3 Planfully fund retirement accounts.** Plan now to take advantage of the many retirement planning options. Whether it be a 401(k) or one of many versions of IRAs, they are a great way to manage your tax obligation while planning for your future.
- 4 Prepare for future tax events.** Life events are the biggest cause of tax

surprises. So if you are planning to move, retire, get married or divorced, have kids or change jobs, you should understand the tax impact BEFORE it happens.

- 5 Review withholdings.** The amount of taxes you have withheld during the year could be impacted by a tax event. So consider an annual review of your situation and adjust your withholdings accordingly.
- 6 Consider the child factor.** This one is important because of the numerous tax benefits associated with children. It can mean funding a 529 program, or opening a Roth IRA if your older children have earned income. It can mean understanding when benefits expire as your children age or planning for college-age children. The bottom line, conduct a tax review specific to your children.
- 7 Consider your property.** Selling a home, stocks, bonds, or digital currency all have potential tax implications. So if any of these are on the horizon, consider taking a planned approach. It could save you a bundle!



More Inflation, More Favorable Tax Situation

Once again, inflation is factoring into a better tax situation for most of us. This is because the IRS adjustments for inflation impact numerous areas of the tax code. Here are some of the more common areas:

Tax brackets up 5%. While tax rates stay unchanged, the brackets related to these tax rates are increasing 5% due to inflation. This means you will have more of your income taxed at lower rates.

Social Security checks up 3.2%. Inflationary adjustments mean checks from Social Security are getting a boost once again. Monthly checks are increasing on average by \$80 to \$1,907 per the Social Security Administration.

More opportunity to save for retirement. Inflation adjustments also increase the amount of money you can shelter from Uncle Sam through annual retirement plan limits.

Shelter more of your estate from tax. Inflation numbers allow more annual gifts to be sheltered from reporting (\$18,000, up \$1,000) and new estate tax numbers create a \$13.61 million exemption (up from \$12.92 million).

So if you want to lower your 2024 tax bill, spend time reviewing the topics presented here to take advantage of the new tax landscape.

Income Brackets for 2024 Tax Rates

Tax Rate	Single	Married Filing Jointly/Widow	Head of Household	Married Filing Separately
10%	\$1 – 11,600	\$1 – 23,200	\$1 – 16,550	\$1 – 11,600
12%	11,601 – 47,150	23,201 – 94,300	16,551 – 63,100	11,601 – 47,150
22%	47,151 – 100,525	94,301 – 201,050	63,101 – 100,500	47,151 – 100,525
24%	100,526 – 191,950	201,051 – 383,900	100,501 – 191,950	100,526 – 191,950
32%	191,951 – 243,725	383,901 – 487,450	191,951 – 243,700	191,951 – 243,725
35%	243,726 – 609,350	487,451 – 731,200	243,701 – 609,350	243,726 – 365,600
37%	Over \$609,350	Over \$731,200	Over \$609,350	Over \$365,600

Important Tax Information

New Small Business Reporting Requirements Start Now

Beginning in 2024, most small businesses will have to report information about their owners. This information is being reported to the Financial Crimes Enforcement Network, commonly called FinCEN. Here is what you need to know.

Determine if you are a reporting company. A reporting company includes any company created in the United States that has a filing document with a secretary of state or any similar office under the laws of a state or Indian tribe. It also includes many foreign companies.

• **Observation:** Most small businesses that are Subchapter S, Partnerships, or LLCs (including single-member LLCs) must comply. It excludes sole-proprietors and 23 other defined business types. Key among the exclusions are accounting firms, insurance companies, banks, certain large businesses, and tax-exempt entities.

Know when you MUST report. The reporting deadline varies depending on when your business was created or registered:

• **Before January 1, 2024.** For existing companies that were created before January 1, 2024, you must file your FinCEN report, commonly referred to as a Beneficial

Ownership Information (BOI) report, sometime this year (before January 1, 2025).

• **During 2024.** Companies formed during 2024 have 90 days to file their FinCEN BOI report.

• **In 2025 and beyond.** The BOI report must be filed within 30 days of a new business being registered or created.

Why they want to know. The Federal Government wants to know who owns or is a beneficial owner of businesses in the country. This information is meant to protect national security by making it easier to find corruption, money laundering operations, tax evasion, and drug trafficking organizations. They will be sharing this information with approved agencies including Federal and State law enforcement and Federal tax authorities.

There are penalties for noncompliance. You may be liable for up to \$5,000 or more in fines for each defined violation for non-compliance or false information provided on the form. There are also daily fines for potential errors and omissions.

To learn more about the new Beneficial Ownership Information reporting requirements, please visit www.fincen.gov/boi.

Plan to Save More for Retirement

A silver lining of high inflation is the ability to shelter more income in retirement savings plans. Here are some of the larger opportunities:

- The annual savings limit for Roth and Traditional IRAs is now \$7,000 (plus another \$1,000 if you're 50 or over). This is up \$500 from 2023.
- Popular 401(k) and 403(b) annual limits also go up \$500 to \$23,000, plus another \$7,500 if 50 or over.

Action items

- Note the annual savings limits of your plan(s) for 2023 and adjust your savings to take advantage of the increasing limits early in the year.
- If you are 50 years or older, add the catch-up amount to your potential savings total.
- If in an employer's plan, contact your payroll administrator to adjust your contributions AND make sure you take full advantage of any employer contributions.

What's Changing

Plan		2024	2023	Change
SIMPLE IRA	Annual Contribution	\$16,000	\$15,500	+500
	50 or over catch-up	Add \$3,500	Add \$3,500	No Change
401(k), 403(b), 457 and SARSEP	Annual Contribution	\$23,000	\$22,500	+500
	50 or over catch-up	Add \$7,500	Add \$7,500	No Change
Traditional IRA	Annual Contribution	\$7,000	\$6,500	+500
	50 or over catch-up	Add \$1,000	Add \$1,000	No Change
Contribution Eligibility	Single; Head of Household	77,000 - 87,000	73,000 - 83,000	+\$4,000
	Joint Nonparticipating Spouse	230,000 - 240,000	218,000 - 228,000	+\$12,000
	Joint Participating Spouse	123,000 - 143,000	116,000 - 136,000	+\$7,000
	Married Filing Separately (any spouse participating)	0 - 10,000	0 - 10,000	No Change
Roth IRA	Annual Contribution	\$7,000	\$6,500	+500
	50 or over catch-up	Add \$1,000	Add \$1,000	No Change
Contribution Eligibility	Single; Head of Household	146,000 - 161,000	138,000 - 153,000	+\$8,000
	Married Filing Jointly	230,000 - 240,000	218,000 - 228,000	+\$12,000
	Married Filing Separately	0-10,000	0-10,000	No Change
Rollover to Roth Eligibility	Joint; Single; Head of Household	No AGI Limit	No AGI Limit	No AGI Limit
	Married Filing Separately	Allowed / No AGI Limit	Allowed / No AGI Limit	Allowed / No AGI Limit

2024

Key Retirement Plan Law Changes

The following key changes occur in 2024 as part of the Secure 2.0 Act:

- ▶ Roth 401(k) & 403(b) accounts are no longer subject to Required Minimum Distribution (RMD) rules.
- ▶ High-income employees must make catch-up contributions with after-tax dollars.
- ▶ Catch-up contributions for IRAs are now indexed to inflation.

Standard Deductions

Item	2024	2023	Change
Single	\$14,600	\$13,850	+\$750
Married Jointly/Widow	29,200	27,700	+\$1,500
Head of Household	21,900	20,800	+\$1,100
Married Filing Separately	14,600	13,850	+\$750
Elderly/Blind: Married	+\$1,550	+\$1,500	+\$50
Elderly/Blind: Unmarried	+\$1,950	+\$1,850	+\$100

Mileage Rates

Item	2024	2023	Change
Business	67.0¢/mi	65.5¢/mi	+1.5¢
Medical/Moving	21.0¢/mi	22.0¢/mi	-1.0¢
Charitable	14.0¢/mi	14.0¢/mi	—

Something Old is New Again

With the recent interest rate increases made by the Federal Reserve, it is time once again to actively manage your savings to ensure you are getting the most for your money. Here are some tips to consider.

□ **Maximize the kiddie tax opportunity.** Remember, the first \$1,300 of your child's unearned income such as interest and dividends is tax-free and the next \$1,300 is taxed at your child's tax rate. Leverage this information by using the Unified Gifts to Minors

Act to manage a savings account in their name.

□ **Look into tax-advantaged bonds.** Municipal bonds, most of which are exempt from federal income tax, may also be exempt from home state taxes. So with higher interest rates, review the tax benefit of these bonds versus higher interest, taxable alternatives.

□ **CDs are making a comeback.** Banks are competing for your deposits once again. But what is new this time around are higher, often unpublished, penalties for early withdrawal. So

before you leap at that great rate, understand the cost.

□ **U.S. Treasury Securities.** U.S. Treasury investments are generally not subject to state or local tax. So as rates go up, and if banks look uncertain to you, you may wish to consider this tax-advantaged savings alternative.

With savings alternatives at interest rates of 4% to 5%, savers now have many choices to manage their money. The key message: review your options, apply an after-tax calculation to understand your true return, and know your risks!

This publication provides summary information regarding the subject matter at time of printing. Please call with any questions on how this information may impact your situation.