



# 2024 Tax Planning & Reference Guide

The 2024 Tax Planning & Reference Guide is designed to be a reference only and is not intended to provide tax advice. Please consult your tax advisor prior to acting on any information referenced in this Guide.

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# 2024 Tax Planning & Reference Guide

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### \*\*REMINDER\*\*

Many provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) will sunset on December 31, 2025. Starting in 2026, the rules in effect in 2017 will be reinstated with many adjusted for inflation. The main provisions affected include income tax brackets and rates, standard and itemized deductions, personal exemptions, capital gains, dividends, alternative minimum taxes, and estate taxes.

This may provide multi-year opportunities to minimize future taxes for yourself and your heirs. Ask your Davenport Financial Advisor about creating a financial plan to see if any tax minimizing strategies make sense for you.

## 2024 Income Tax Rates

### Single Individuals

Taxable Income		Your Tax Is:		
Above	To	Tax	Rate on Excess	
\$0	\$11,600	10% of taxable income	N/A	
11,600	47,150	\$1,160 plus	12% over	\$11,600
47,150	100,525	5,426 plus	22% over	47,150
100,525	191,950	17,168.50 plus	24% over	100,525
191,950	243,725	39,110.50 plus	32% over	191,950
243,725	609,350	55,678.50 plus	35% over	243,725
609,350	---	183,647.25 plus	37% over	609,350

### Married Filing Jointly

Taxable Income		Your Tax Is:		
Above	To	Tax	Rate on Excess	
\$0	\$23,200	10% of taxable income	N/A	
23,200	94,300	\$2,320 plus	12% over	\$23,200
94,300	201,050	10,852 plus	22% over	94,300
201,050	383,900	34,337 plus	24% over	201,050
383,900	487,450	78,221 plus	32% over	383,900
487,450	731,200	111,357 plus	35% over	487,450
731,200	---	196,669.50 plus	37% over	731,200

### Married Filing Separately

Taxable Income		Your Tax Is:		
Above	To	Tax	Rate on Excess	
\$0	\$11,600	10% of taxable income	N/A	
11,600	47,150	\$1,160 plus	12% over	\$11,600
47,150	100,525	5,426 plus	22% over	47,150
100,525	191,950	17,168.50 plus	24% over	100,525
191,950	243,725	39,110.50 plus	32% over	191,950
243,725	365,600	55,678.50 plus	35% over	243,725
365,600	---	98,334.75 plus	37% over	365,600

## 2024 Income Tax Rates

### Head of Household

Taxable Income		Your Tax Is:	
Above	To	Tax	Rate on Excess
\$0	\$16,550	10% of taxable income	N/A
16,550	63,100	\$1,655 plus	12% over \$16,550
63,100	100,500	7,241 plus	22% over 63,100
100,500	191,950	15,469 plus	24% over 100,500
191,950	243,700	37,417 plus	32% over 191,950
243,700	609,350	53,977 plus	35% over 243,700
609,350	---	181,954.50 plus	37% over 609,350

### Trusts and Estates

Taxable Income		Your Tax Is:	
Above	To	Tax	Rate on Excess
\$0	\$3,100	10% of taxable income	N/A
3,100	11,150	\$310 plus	24% over \$3,100
11,150	15,200	2,242 plus	35% over 11,150
15,200	---	3,659.50 plus	37% over 15,200

### Corporate

Corporate income is taxed at a flat 21% rate.

## Tax on Net Long-Term Capital Gains<sup>1</sup>

Long-Term Capital Gains Tax Rate <sup>2</sup>	Taxable Income			
	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0% <sup>3</sup>	Up to \$47,025	Up to \$94,050	Up to \$63,000	Up to \$47,025
15% <sup>3</sup>	\$47,025 to \$518,900	\$94,050 to \$583,750	\$63,000 to \$551,350	\$47,025 to \$291,850
20% <sup>3</sup>	Over \$518,900	Over \$583,750	Over \$551,350	Over \$291,850
28%	Tax on gains on collectibles			
28%	Tax on gains on qualified small business stock after the section 1202 exclusion			
25%	Tax rate on unrecaptured section 1250 gains			

1. "Net long-term capital gain" is the amount by which your total long-term capital gains for the year exceed your total short-term capital losses. A net short-term capital gain is taxed as ordinary income at the applicable rates on pages 2 and 3.
2. Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.
3. These rates apply to all capital gains other than those relating to collectible gains, gains on qualified small business stock, or unrecaptured section 1250 gains.

## Tax on Qualified Dividends

Qualified Dividends are defined as dividends received from domestic and qualified foreign corporations (with some exceptions such as those based on stock holding period). Consult your tax advisor to determine which dividends qualify.

Taxable Income				
Long-Term Capital Gains Tax Rate*	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Up to \$47,025	Up to \$94,050	Up to \$63,000	Up to \$47,025
15%	\$47,025 to \$518,900	\$94,050 to \$583,750	\$63,000 to \$551,350	\$47,025 to \$291,850
20%	Over \$518,900	Over \$583,750	Over \$551,350	Over \$291,850

\*Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.

## Additional Tax on Unearned (Investment) Income

A 3.8% “surtax” (Unearned Income Medicare Contribution Tax) will apply to the lesser of a taxpayer’s net investment income (generally interest, dividends, capital gains, annuity income, rents, royalties, and passive business income) or the amount the taxpayer’s modified adjusted gross income exceeds the applicable threshold: \$250,000 for married filing jointly or surviving spouse; \$125,000 for married filing separately; \$200,000 for all other filing categories.

## Standard Deductions\*

2024

Single .....	\$ 14,600
Head of Household .....	21,900
Married Filing Separately .....	14,600
Married Filing Jointly .....	29,200

\*Additional standard deductions of \$1,950 are available for unmarried taxpayers who are 65 or older and are not surviving spouses or for taxpayers who are blind. The additional deduction amount for married taxpayers or a surviving spouse is \$1,550.

## Other Tax Adjustments

### Child Tax Credit

The 2024 tax credit for each qualifying dependent child under age 17 is \$2,000. The refundable portion of the credit is limited to \$1,700 in 2024 and will be adjusted for inflation in subsequent years. The income threshold for the refundable credit is \$2,500 and the phase-out for this credit begins at an income of \$200,000 for individuals and \$400,000 for joint filers.

There is a \$500 credit in 2024 for dependents who are not qualifying children, such as dependent children in college and dependent parents being cared for in the home. This non-refundable credit is subject to the same phase-out income of \$200,000 for individuals and \$400,000 for joint filers.

### Charitable Contribution Deductions

In 2024, taxpayers may be able to deduct contributions of up to 60% of their Adjusted Gross Income to qualifying charities.

### Medical Expense Deductions

Unreimbursed medical expenses exceeding 7.5% of adjusted gross income may be deducted in 2024. Legislation passed in 2020 makes this threshold amount permanent.



## Mortgage and Home Equity Debt Interest Deductions

In 2024, the Mortgage Interest Deduction for mortgages taken on or after December 16, 2017 is limited to mortgage debt of up to \$750,000. Mortgages taken prior to that date are grandfathered to the previous limitation of \$1,000,000 in mortgage debt.

Interest on home equity debt does not qualify for an interest deduction unless used to substantially improve the home.

## Qualified Charitable Distribution (QCD)

The provision for direct transfers to charity of up to \$105,000 from IRAs, known as a Qualified Charitable Distribution (QCD), is available to IRA owners age 70½ and older. QCDs may be applied toward your RMDs.

An IRA owner may make a one-time gift up to \$55,000 to a charitable remainder annuity trust, a charitable remainder unitrust, or a charitable gift annuity. The amount of the gift applies to the overall QCD funding limit for that year. Consult your tax advisor regarding specific QCD rules.

## Wash Sales

According to the IRS, a wash sale occurs if within a period beginning 30 days before the date of a sale (creating a loss) and ending 30 days after the date of a sale, the taxpayer acquires or has entered into a contract or option to acquire stock or securities that are substantially identical. For 2024, this means that for losses incurred on Tuesday, December 31, 2024 (sell date), the last day to “double-up” would be Friday, November 29, 2024 and the next repurchase date would be Friday, January 31, 2025.

## Self-Employment Tax

For 2024, a tax is imposed on self-employed individuals at a rate of 15.30%, which is a combination of a 12.40% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 2.90% Medicare Tax. For 2024, the OASDI Tax is computed on the first \$168,600 of self-employment income/earned income. The maximum self-employed OASDI Tax liability for 2024 is \$20,906.40 (12.40% of \$168,600). The 2.90% Medicare Tax is computed on the taxpayer’s entire self-employment income with no cap.

## FICA (Social Security & Medicare) Tax

For 2024, a tax is imposed on an employee’s compensation at a rate of 7.65%, which is a combination of a 6.20% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 1.45% Medicare Tax. For 2024, the OASDI Tax is computed on the first \$168,600 of compensation/earned income. The maximum employee OASDI Tax liability for 2023 is \$10,453.20 (6.20% of \$168,600). The 1.45% Medicare Tax is computed on the taxpayer’s entire compensation with no cap.

## Additional Medicare Tax

Higher income taxpayers, including self-employed individuals, with earned income above the following thresholds pay an additional Hospital Insurance Tax (Medicare) at a rate of 0.9% on earned income above the threshold amount: \$250,000 for married filing jointly; \$125,000 for married filing separately; \$200,000 for all other filing categories.

## Health Savings Accounts

Type	Annual Contribution Limit	Annual Out-of-Pocket Expense Limit	Minimum Deductible
Self only	\$4,150	\$8,050	\$1,600
Family	\$8,300	\$16,100	\$3,200
Age 55 or older catch up	\$1,000	--	--

## Gift & Estate Taxes

For gifts made in 2024, the annual exclusion amount is \$18,000. For larger “taxable” gifts made during 2024, the credit against the gift tax imposed on U.S. citizens or residents effectively exempts the first \$13,610,000 of cumulative transfers from federal gift and generation skipping transfer taxes. Assets gifted have a “carry-over” cost basis equal to the lesser of the original owner’s basis or the market value on the date of the gift.

The credit (referred to as an exclusion) for estates of individuals dying in 2024 effectively exempts \$13,610,000 from estate and generation skipping transfer taxation. Assets in an estate acquire a cost basis equal to the value on the date of estate valuation, often referred to as a “stepped-up” basis.

Since 2019, the estate and gift tax exclusion has been made “portable” meaning the estate of a deceased spouse can elect to make any unused portion of the deceased spouse’s exclusion available to the surviving spouse to be used during his or her lifetime or at death.

## Annual Gift Tax Exclusion

The annual gift tax exclusion for 2024 is \$18,000. Direct payments of post-secondary education or medical costs to institutions or providers do not count against the annual gift tax exclusion. Gifts larger than the annual exclusion are subject to taxation or the estate tax exclusion.

There is a special provision that allows a contributor to accelerate five years of gifting when funding a 529 Savings Plan on behalf of a beneficiary. For example, an individual may currently contribute as much as \$90,000 (\$180,000 for a married couple) in a given year to a 529 Plan, instead of waiting to contribute \$18,000 in each of the five years. This uses the individual’s annual gifting exclusion to that beneficiary for five years and requires a gift tax filing, although no gift taxes would be due.

## Kiddie Tax

The Kiddie Tax rule applies to the unearned income of dependent individuals under age 19 and all dependent, full-time students under age 24. In 2024, a child’s unearned income over the exemption of \$2,600 will be subject to tax at the parent’s marginal tax rate.

## Long-Term Care Premium Deduction

Self-employed individuals—including sole proprietors, partners, and more than 2% shareholders of S corporations—may deduct, as a business expense, up to 100% of eligible premiums paid for qualified long-term care plans. Such payments are not imputed income to the insured. Individual taxpayers who itemize deductions may be able to deduct the lesser of the actual long-term care premiums paid or the eligible long-term care premium amounts listed below as part of total medical expenses. This deduction is subject to age-based limits, which are adjusted annually based on increases in the medical care component of the Consumer Price Index.

<b>Premium Deduction Limits</b>	<b>2024</b>
40 or younger .....	\$ 470
41 - 50 .....	880
51 - 60 .....	1,760
61 - 70 .....	4,710
71 and older .....	5,880

Generally, a C corporation may deduct, as a business expense, all qualified long-term care premiums paid for employees, their spouses and dependents without application of the above limits. Such payments are not included as imputed income to the insured. These benefits may be offered to select individuals and do not have to be made available to all employees. Benefits paid by the insurance company to an insured are tax-free under all circumstances.

## Taxation of Social Security Retirement Benefits

Under current law, Social Security recipients may be subject to federal income tax on up to 85% of their annual Social Security income. For taxpayers with “provisional” income (adjusted gross income, excluding Social Security benefits, plus tax-exempt interest, plus 50% of Social Security benefits) less than \$25,000 (\$32,000 for married tax payers filing jointly), Social Security benefits are income tax free. For taxpayers with provisional income between \$25,000 and \$34,000 (\$32,000 and \$44,000 for married taxpayers filing jointly) up to 50% of Social Security benefits may be subject to income tax. For taxpayers with provisional income in excess of \$34,000 (\$44,000 for married taxpayers filing jointly) up to 85% of Social Security benefits may be subject to income tax. Additionally, some states may tax Social Security benefits.

## Social Security Full Retirement Age (FRA)

Social Security Full Retirement Age <sup>1</sup>	Year of Birth <sup>2</sup>	Social Security Full Retirement Age for Surviving Spouse
66 and 4 months	1956	66
66 and 6 months	1957	66 and 2 months
66 and 8 months	1958	66 and 4 months
66 and 10 months	1959	66 and 6 months
67	1960	66 and 8 months
67	1961	66 and 10 months
67	1962 and later	67

1. The maximum Social Security benefit in 2024 for a worker at full retirement age is \$3,822 per month or \$45,864 per year.
2. Individuals born on January 1 of any year should refer to the full retirement age for the previous year.

## Social Security Earnings Limits

Earnings Limit for Social Security Benefits	Annual	Monthly*
Under FRA (\$1 reduction in benefit for every \$2 over limit)	\$22,320	\$1,860
During the year FRA is reached (\$1 reduction in benefit for every \$3 over limit)	\$59,520	\$4,960
At FRA	No Limit	No Limit

\*Monthly earnings limits are used to determine if any reductions will be made to your Social Security benefit.

## 2024 Required Minimum Distribution Rules

### Owner IRAs

The Required Beginning Date (RBD) for taking Required Minimum Distributions (RMDs) from a traditional IRA is age 73 for account holders born 1951-1959 (due to changes in the Secure Act 2.0).

If you turn 73 in 2024, your first RMD is due December 31, 2024. You may elect to postpone your first RMD to no later than April 1, 2025. Postponing your first (2024) RMD means you will still have an RMD for 2025, which must be taken by December 31, 2025. Note that funds held in tax-deferred employer-sponsored plans are subject to RMDs, but certain exceptions may apply.

Initial RMD for Owner IRAs	
Year of Birth	Age
Before 7/1/1949	70 1/2
7/1/1949 - 1950	72
1951-1959	73
1960 or later	75

### Beneficiary IRAs

If you inherited an IRA after January 1, 2020, it's advisable to consult with your tax advisor, as the post-Secure Act 2.0 regulations are complex, with various considerations and options for beneficiaries.



## Traditional IRA & Roth IRA Contribution Limits

Year	Maximum Contribution*	Catch-Up Age 50+*
2024	\$7,000 (will continue to be indexed)	\$1,000

\*The maximum contribution amount equals the lesser of \$7,000/\$8,000 or total earned income.

## Traditional IRA Contribution Phase-Out

IRA deduction if you **ARE** covered by a retirement plan at work

If Your Filing Status Is	And Your Modified AGI Is	Then You Can Take
Single or Head of Household	\$77,000 or less	A full deduction up to the amount of your contribution limit
	More than \$77,000 but less than \$87,000	A partial deduction
	\$87,000 or more	No deduction
Married Filing Jointly or Qualifying Widow(er)	\$123,000 or less	A full deduction up to the amount of your contribution limit
	More than \$123,000 but less than \$143,000	A partial deduction
	\$143,000 or more	No deduction
Married Filing Separately*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

\*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

IRA deduction if you are **NOT** covered by a retirement plan at work  
(deduction is limited only if your spouse IS covered by a retirement plan)

If Your Filing Status Is	And Your Modified AGI Is	Then You Can Take
Single, Head of Household, or Qualifying Widow(er)	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly or Separately with a Spouse who is NOT covered by a plan at work	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly with a Spouse who is covered by a plan at work	\$230,000 or less	A full deduction up to the amount of your contribution limit
	More than \$230,000 but less than \$240,000	A partial deduction
	\$240,000 or more	No deduction
Married Filing Separately with a Spouse who is covered by a plan at work*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

\*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

## Roth IRA Contribution Phase-Out

Your Filing Status is	Full Contribution if Modified AGI is	Modified AGI Phase-Out Range*	No Contribution if Modified AGI is
Single or Head of Household	Less than \$146,000	\$146,000 but less than \$161,000	\$161,000 or more
Married Filing Jointly or Qualifying Widow(er)	Less than \$230,000	\$230,000 but less than \$240,000	\$240,000 or more
Married Filing Separately	N/A	Less than \$10,000	\$10,000 or more

\*If the individual's modified adjusted gross income (MAGI) for the taxable year is in the phase-out range, the maximum regular contribution for the taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.

## Traditional IRA to Roth IRA Conversion

- There are no adjusted gross income limits on the conversion of IRA and qualified plan assets to a Roth IRA.
- Any amount in a SEP or SIMPLE IRA may also be converted to a Roth IRA; however, a conversion from a SIMPLE IRA may be made only after the two-year period beginning on the date the individual first participated in any SIMPLE IRA maintained by the individual's employer.
- The conversion is subject to income tax in the year of the conversion (reported on Form 8606), but is not subject to the 10% premature distribution penalty.
- Intra-plan Roth conversions from vested tax-deferred balances are available within qualified retirement plans (401(k), 403(b), 457) that provide a Roth option when allowed by the plan's controlling document.

## Employer-Sponsored Retirement Plans

### 401(k)<sup>1</sup>, 403(b)<sup>1</sup>, and 457<sup>1</sup> Salary Deferral Limits<sup>2</sup>

Year	Maximum Employee Deferral	Catch-Up Age 50+
2024	\$23,000 (will continue to be indexed)	\$7,500

1. The maximum combined employee/employer contribution is \$69,000 and \$76,500 if there is a catch-up contribution.
2. Participation in concurrent multiple employer-sponsored retirement plans may incur limitations not addressed here. Participants should consult with their plan sponsors for additional details.

### SIMPLE IRA<sup>1</sup> Deferral Limits<sup>2</sup>

Year	Maximum Deferral	Catch-Up Age 50+
2024	\$16,000 (will continue to be indexed)	\$3,500

1. Generally, employers must either match employee contributions dollar-for-dollar up to 3% of the employee's compensation or make a contribution of 2% of compensation for all eligible employees, whether participating or not.
2. Due to the Secure Act 2.0, certain participants may have higher deferral limits. Participants should consult with their plan sponsor for additional details.

## SEP IRA Plans

- The 2024 maximum contribution limit is the lesser of 25% of compensation\* or \$69,000.
- Minimum compensation for plan eligibility is \$750 in 2024 unless otherwise noted by the plan.
- Contributions may be made into a SEP plan through the filing date of the employer's tax return, including extensions.

\*Compensation is limited to \$345,000 in 2024.

## Education Funding

Funding Source/Benefit	Benefit	Annual Limits	Qualified Expenses
<b>Coverdell Education Savings Accounts<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Earnings are not taxed</li> <li>Tax-free withdrawals for qualified expenses</li> </ul>	Maximum 2024 contribution is \$2,000 (generally contributions may be made until the beneficiary turns 18) <sup>2</sup>	<ul style="list-style-type: none"> <li>Tuition &amp; mandatory fees</li> <li>Books, supplies, equipment</li> <li>Room &amp; board if at least half-time student</li> <li>Payments to 529 Plans</li> </ul>
<b>529 Savings Plans<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Earnings are not taxed</li> <li>Tax-free withdrawals for qualified expenses</li> <li>State income tax deduction in some states, including VA</li> <li>Unused 529 funds (lifetime limit of \$35,000) may be rolled over tax and penalty-free to a Roth IRA for the beneficiary. Restrictions apply.</li> </ul>	Maximum contribution is determined by each state's plan (as of 2023) <sup>3</sup> VA: \$550,000 NC: \$540,000	<ul style="list-style-type: none"> <li>Tuition &amp; mandatory fees</li> <li>Room &amp; board if at least half-time student</li> <li>K-12 tuition, public or private, up to \$10,000 annually</li> <li>Fees, books, supplies, and equipment required for participation in a certified apprenticeship program</li> <li>Principal and interest of a qualified education loan of a designated beneficiary or sibling of beneficiary, not to exceed a lifetime limit of \$10,000</li> </ul>
<b>Traditional, Roth, SEP, and SIMPLE IRAs<sup>4</sup></b>	No 10% premature distribution penalty if used for qualified expenses	N/A <sup>2</sup>	<ul style="list-style-type: none"> <li>Tuition &amp; mandatory fees</li> <li>Books, supplies, equipment</li> <li>Room &amp; board if at least half-time student</li> </ul>
<b>Education Savings Bond Program<sup>1</sup></b>	Interest used for qualified expenses is not taxed	N/A	<ul style="list-style-type: none"> <li>Tuition &amp; mandatory fees</li> <li>Payments to 529 Plans &amp; Coverdell ESAs</li> </ul>
<b>Student Loan Interest</b>	Interest is tax deductible	Maximum deduction is \$2,500 per year	N/A
<b>American Opportunity Credit/Hope Scholarship Credit</b>	Credits directly offset the amount of federal tax due	Maximum credit is \$2,500 per student	<ul style="list-style-type: none"> <li>Tuition &amp; mandatory fees</li> <li>Books, supplies, equipment</li> </ul>
<b>Lifetime Learning Credit</b>		Maximum credit is \$2,000 per family	<ul style="list-style-type: none"> <li>Tuition &amp; mandatory fees</li> </ul>

- Any non-taxable withdrawal is limited to the amount of qualifying education expenses.
- Income limits apply at the time of contribution. They are not relevant for withdrawals.
- Contributions are subject to federal gift tax rules.
- Normal income tax rules apply on withdrawals.

## Education Funding (continued)

Funding Source/Benefit	Qualified Education	Other Conditions	Income Phase-Out
Coverdell Education Savings Accounts <sup>1,4</sup>	Grades K-12 and all undergraduate and graduate	<ul style="list-style-type: none"> <li>Can contribute to Coverdell ESA and 529 Plan in the same year</li> <li>Must withdraw assets by age 30</li> </ul>	Single: \$95,000-\$110,000 Joint: \$190,000-\$220,000
529 Savings Plans <sup>1</sup>		<ul style="list-style-type: none"> <li>Distributions are excluded from gross income</li> <li>American Opportunity and Lifetime Learning Credits are permitted in the same year but not for the same expenses</li> </ul>	No Phase-Out
Traditional, Roth, SEP, and SIMPLE IRAs <sup>2</sup>	All undergraduate and graduate	N/A	No Phase-Out <sup>3</sup>
Education Savings Bond Program <sup>1</sup>		Applies only to qualified series EE bonds and series I bonds issued after 1989	Single: \$96,800-\$111,800 Joint: \$145,200-\$175,200
Student Loan Interest		Must have been at least half-time student in a degree program	Single: \$80,000-\$95,000 Joint: \$165,000-\$195,000
American Opportunity Credit/Hope Scholarship Credit <sup>4</sup>	First four years of undergraduate	<ul style="list-style-type: none"> <li>Can be claimed only for four years</li> <li>Must be enrolled at least half-time in a degree program</li> </ul>	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000
Lifetime Learning Credit <sup>4</sup>	All post-secondary education when American Opportunity Credit is unavailable	Undergraduate, graduate, and job skills courses	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000

1. Any non-taxable withdrawal is limited to the amount of qualifying education expenses.

2. Normal income tax rules apply on withdrawals.

3. Income limits apply at the time of contribution. They are not relevant for withdrawals.

4. Phase-out ranges based on current revision of IRS Publication 970 as of December 2023.

## 2024 Medicare Part B Premium Costs

Medicare participants share a portion of costs through premiums or surcharges paid on Medicare Parts B and D. For 2024, the basic Part B premium cost for most participants will be \$174.70 per month; however, some participants may pay less due to protections in place for lower income individuals.

Your modified adjusted gross income (MAGI = adjusted gross income plus tax exempt interest, series EE bond interest used for education, and foreign earned income) from two years ago is used to calculate your premium for Medicare Parts B and D. The higher your income, the more you may pay in premiums. This increase in premium is called Medicare IRMMA, or Income-Related Monthly Adjustment Amount.

Filing Individually		Filing Jointly		Premium Costs	
2022 Modified AGI was:		2022 Modified AGI was:		Part B	Part D
> than	< than or = to	> than	< than or = to	Monthly Premium	Monthly Surcharge
\$0	\$103,000	\$0	\$206,000	\$174.70	\$0
103,000	129,000	206,000	258,000	244.60	12.90
129,000	161,000	258,000	322,000	349.40	33.30
161,000	193,000	322,000	386,000	454.20	53.80
193,000	500,000	386,000	750,000	559.00	74.20
500,000	---	750,000	---	594.00	81.00

## Taxable Equivalent Yields

Federal Income Tax Bracket*	Tax-Free Yield (%)										
	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00	5.50	6.00
	Taxable-Equivalent Yield (%)										
10%	1.11	1.67	2.22	2.78	3.33	3.89	4.44	5.00	5.56	6.11	6.67
12%	1.14	1.70	2.27	2.84	3.41	3.98	4.55	5.11	5.68	6.25	6.82
22%	1.28	1.92	2.56	3.21	3.85	4.49	5.13	5.77	6.41	7.05	7.69
24%	1.32	1.97	2.63	3.29	3.95	4.61	5.26	5.92	6.58	7.24	7.89
27.8%	1.39	2.08	2.77	3.46	4.16	4.85	5.54	6.23	6.93	7.62	8.31
32%	1.47	2.21	2.94	3.68	4.41	5.15	5.88	6.62	7.35	8.09	8.82
35%	1.54	2.31	3.08	3.85	4.62	5.38	6.15	6.92	7.69	8.46	9.23
35.8%	1.56	2.34	3.12	3.89	4.67	5.45	6.23	7.01	7.79	8.57	9.35
37%	1.59	2.38	3.17	3.97	4.76	5.56	6.35	7.14	7.94	8.73	9.52
38.8%	1.63	2.45	3.27	4.08	4.90	5.72	6.54	7.35	8.17	8.99	9.80
40.8%	1.69	2.53	3.38	4.22	5.07	5.91	6.76	7.60	8.45	9.29	10.14

\*Tax brackets under current legislation are 10%, 12%, 22%, 24%, 32%, 35% and 37%. In addition, there is a 3.8% investment income surtax on single filers who have modified adjusted gross income (MAGI) greater than \$200,000 and married couples filing jointly who have MAGI greater than \$250,000. This leads to potential marginal tax brackets of 27.8%, 35.8%, 38.8% and 40.8%.

An individual in the highest tax bracket would have to purchase a taxable investment yielding more than 5.07% to outperform a 3% tax-free investment.

## Uniform Lifetime Table (Partial)

The Uniform Lifetime Table is used by unmarried owners, married owners whose spouses are not more than 10 years younger, and married owners whose spouses are not the sole beneficiary of the IRAs to calculate Required Minimum Distribution. This table is not used for Inherited or Beneficiary IRAs.

The table below is an excerpt from from IRS Publication 590-B (2022). Check with your tax professional for the latest table.

Age of IRA Owner or Plan Participant (73 to 87)	Life Expectancy (in years)	Age of IRA Owner or Plan Participant (88 to 102)	Life Expectancy (in years)
73	26.5	88	13.7
74	25.5	89	12.9
75	24.6	90	12.2
76	23.7	91	11.5
77	22.9	92	10.8
78	22.0	93	10.1
79	21.1	94	9.5
80	20.2	95	8.9
81	19.4	96	8.4
82	18.5	97	7.8
83	17.7	98	7.3
84	16.8	99	6.8
85	16.0	100	6.4
86	15.2	101	6.0
87	14.4	102	5.6

## Notes

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*The information contained herein has been compiled from a variety of publicly available documents and websites believed to be reliable; however, there is no guarantee as to its accuracy or completeness. All information provided is of a general nature and is not intended to address the circumstances of any particular individual or entity.*

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