

2024 Tax Digest

Presented by: **Wayne McCullough, LUTCF**
Regional Brokerage Manager

Prepared for: **Valued Clients**

Income Tax Rates, Deductions and Credits

Tax Rates

Ordinary Income Tax Rates	10%, 12%, 22%, 24%, 32%, 35%, 37%
Capital Gains/Dividend Tax Rates	0% (income up to \$47,025 single, \$94,050 married), 15% (income between \$47,025-\$518,900 single, \$94,050-\$583,750 married), 20% (above \$518,900 single, \$583,750 married)
Medicare Contribution Tax	3.8% on unearned or net investment income above MAGI of \$200,000 single/\$250,000 married
Alternative Minimum Tax Exemption	\$85,700 single and head of household/\$133,300 married

Standard Deduction

Joint Returns and Surviving Spouses	\$29,200
Heads of Household	\$21,900
Single Taxpayers	\$14,600
Married Filing Separately	\$14,600
Age 65 and Older or Blind - Single or Head of Household	Additional \$1,950
Age 65 and Older or Blind - All Others	Additional \$1,550 each

Child/Dependent Tax Credit

Child Credit Amount	\$2,000 for each qualifying child under age 17
Refundable Amount	Up to \$1,700 per qualifying child
Qualifying Dependent Credit Amount	\$500 per qualifying dependent other than qualifying children (e.g., a dependent parent)
Credit Phaseout	Begins to phase out at AGI in excess of \$400,000 married joint filers/\$200,000 all others

Pass-Through Business Deduction

Pass-through business owners who pay tax on business income on their individual tax returns (sole proprietors, partners and shareholders of S-corporations, LLCs and limited partnerships) may be entitled to a deduction equal to the **lesser** of 20% of their allocable share of business income or 50% of the owner's share of W-2 wages paid by the business. **Alternatively**, the deduction is equal to 25% of the owner's share of W-2 wages paid by the business **PLUS** 2.5% of the owner's share of the unadjusted basis (original purchase price) of the property used in the production of income. Begins to phase out at \$383,900 married joint filers/\$191,950 all others.

Education Deductions/Credits

American Opportunity Tax Credit Amount/Phaseouts:

100% of first \$2,000 of tuition and related college expenses	\$2,000
25% of next \$2,000	\$500
Maximum Credit	\$2,500
Phaseouts	\$160,000 - \$180,000 married joint filers; \$80,000 - \$90,000 all others

Lifetime Learning Credit Amount/Phaseouts:

Amount	20% of the first \$10,000 of qualified tuition and fees (\$2,000 maximum)
Phaseouts	\$160,000 - \$180,000 married joint filers; \$80,000 - \$90,000 all others

Student Loan Interest Deduction/Phaseouts:

Amount	\$2,500
Phaseouts	\$165,000 - \$195,000 married joint filers; \$80,000 - \$95,000 all others

Education Savings Account Deduction/Phaseouts:

Amount	\$2,000 per beneficiary
Phaseouts	Reduces to zero for AGIs between \$190,000 - \$220,000 for married joint filers; \$95,000 - \$110,000 all others

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Social Security/Medicare

OASDI - Earnings Base	\$168,600
Rate	6.20% Employer/6.20% Employee
Employer/Employee Maximum Tax Each	\$10,453.20 Employer/\$10,453.20 Employee
Self-Employed Maximum Tax	12.40%/\$20,906.40
HI (Medicare) Rate	1.45% of all earned income (employer and employee/2.9% if self-employed) plus an additional 0.9% on earned income in excess of \$200,00 single/\$250,000 married paid by employee only
Cost of Living Benefit Increase	3.2%
Quarter of Coverage Earnings	\$1,730
Normal Retirement Age (NRA) – 1958 year of birth	66 and 8 months
Earnings Test - Retired under NRA all of 2024	\$22,320
Reach NRA during 2023	\$59,520

Health Savings Accounts

Coverage	Minimum Deductible	Maximum Annual Contribution	Maximum Out-of-Pocket
Self-Only	\$1,600	\$4,150	\$8,050
Family	\$3,200	\$8,300	\$16,100

Retirement Plan Contribution/Benefit Limits

Defined Benefit Plans	\$275,000 maximum benefit
Defined Contribution Plans	\$69,000 or 100% of compensation maximum contribution
Elective Deferral Limit for 401(k) Plans, SAR-SEPs and TSAs	\$23,000
Catch-up for 401(k) Plans, SAR-SEPs and TSAs (age 50 or older)	\$7,500
Elective Deferral Limit for SIMPLE IRAs and SIMPLE 401(k) Plans	\$16,000
Catch-up for SIMPLE IRAs and SIMPLE 401(k) Plans (age 50 or older)	\$3,500
Elective Deferral Limit for 457 Plans	\$23,000
Minimum Compensation Amount for SEPs	\$750
Maximum Compensation for Qualified Plans, SEPs, TSAs, VEBAs	\$345,000
Highly Compensated Employee Definition Limit	\$155,000
ESOP Payout Limits	\$275,000/\$1,380,000
Contribution Limit for IRAs (Traditional and Roth)	\$7,000
Catch-up for IRAs (Traditional and Roth) (age 50 or older)	\$1,000

Eligible Long-Term Care Insurance Amounts

Attained Age in 2024	Limitation on Deductible Premiums
40 or less	\$470
41 to 50	\$880
51 to 60	\$1,760
61 to 70	\$4,710
More than 70	\$5,880
Per Diem Tax-Free Benefit Limitation	\$410

Estate, Gift and Generation-Skipping Transfer (GST) Taxes

Top Tax Rate	40%
Annual Gift and GST Exclusion	\$18,000
Estate and Gift Tax Unified Credit/Unified Credit Equivalent	\$5,389,800/\$13,610,000
Estate Tax Deferral (Closely-Held Businesses)	\$740,000
Special Use Valuation Limitation	\$1,390,000
Qualified Conservation Easement Exclusion Limitation	\$500,000
GST Exemption/Exemption Equivalent	\$5,389,800/\$13,610,000