

# PRACTICAL PLANNING: 2024 Tax Update



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**What are the critical changes, new contribution limits, and updates you need to keep in mind as we begin a new year? In this article, Senior Wealth Strategist Glen Goland, JD, CFP®, provides a comprehensive overview of tax updates for 2024.**

## CONTRIBUTION LIMITS

The Internal Revenue Service (IRS) has adjusted the 2024 contribution limits for various retirement plans to reflect economic trends and inflationary pressures:

- **401(k), 403(b), and Most 457 Plans:**

The 2024 contribution limit for employees participating in 401(k), 403(b), and most 457 plans has been increased to \$23,000. The catch-up contribution limit for employees aged 50 and over remains an additional \$7,500.

- **Individual Retirement Accounts (IRAs):**

The IRA contribution limit for 2024 remains at \$6,500, consistent with 2023. The catch-up contribution limit for individuals aged 50 and over continues to be an additional \$1,000.

- **SIMPLE IRA Plans:**

The contribution limit for SIMPLE IRA plans in 2024 is set at 16,000, an increase from the previous year. Participants aged 50 and over can make a catch-up contribution of up to \$3,500.

- **SEP IRAs:**

The SEP IRA contribution limits are typically adjusted in line with inflation. For 2024, the limit is \$69,000, calculated as a percentage of the employee's compensation (up to \$345,000).



## KEY 2023 TAX CHANGES

Several tax changes were introduced in 2023 that continue to affect taxpayers in 2024:

- **Standard Deduction Increase:**

The 2024 standard deduction is \$14,600 for single filers and those married filing separately, \$29,200 for joint filers, and \$21,900 for heads of household.

- **Tax Bracket Adjustments:** Tax brackets were also modified to reflect inflation. These changes can affect the rate at which an individual's income is taxed, potentially altering their overall tax liability.

- **Social Security Taxable Wage Base:**

In 2024, the Social Security wage base limit rises to \$168,600, up from \$160,200 in 2023. The wage base affects how much of an individual's income is subject to Social Security taxes.

- **Increase Estate Tax Exemptions and Gifting Exclusions:**

The exemptions for federal estate and gift taxes have increased again, so an individual may now pass \$13.61 million, tax-free, during his or her lifetime or at death. An individual may gift up to \$18,000 per recipient, in 2024 without having to file a gift tax return.



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## 2024 TAX CHANGE: CORPORATE TRANSPARENCY ACT (CTA)

The Corporate Transparency Act (the “CTA”) went into effect January 1, 2024, and it requires corporations, LLPs, LLCs, and many other similar entities (generally those created by the filing of a document with a secretary of state) to disclose information about the individuals who own 25% of and/or who have controlling interests in a company to the Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”). If you or your family have created entities over the years to hold real estate, run businesses, plan for estate transfer, or otherwise manage assets, it may be worth checking in with your legal team to see if your entities are subject to these

filing requirements. You can find more information on the filing requirements here: [Beneficial Ownership Information Reporting | FinCEN.gov](https://www.fincen.gov/beneficial-ownership-information-reporting)

**Understanding retirement plan contribution limits and tax changes is essential for effective financial planning. As the financial landscape evolves, the Arnerich Massena team will work to ensure that your strategy is aligned with your goals and with the latest regulations .**

