

# 2024 Tax Considerations

## Exploring how tax changes impact retirement plans and accounts, health savings accounts, Social Security and gifting

In 2024, there are new limitations to some retirement plans, benefit plans and gifts due to cost-of-living adjustments by the Internal Revenue Service and the Social Security Administration.

The following provides a guide to understanding those changes by providing 2024 changes in comparison to 2023. Please review with your advisor and your tax accountant to understand how these changes may impact your plan.

| Retirement plans and accounts                           |  | 2023 \$ limit | 2024 \$ limit |
|---|--|---------------|---------------|
| IRA   | Traditional and Roth IRA contribution limit  | 6,500         | 7,000         |
|   | Catch-up limit for individuals age 50 and older  | 1,000         | 1,000         |
| SIMPLE IRA  | Elective deferral limit  | 15,500        | 16,000        |
|   | Catch-up limit for individuals age 50 and older  | 3,500         | 3,500         |
|   | Maximum employer match (\$1 for \$1 match on the first 3% of employee compensation deferred)                           | 15,500        | 16,000        |
|   | Maximum employer nonelective contributions (2% of eligible employee compensation, up to \$330k in 2023/\$345k in 2024) | 6,600         | 6,900         |
|   | Catch-up deferral is also matched by employer if individual is age 50 or older.  | 3,500         | 3,500         |
| SEP IRA   | Maximum SEP contribution   | 66,000        | 69,000        |
|   | SEP compensation exclusion (Minimum annual compensation required)  | 750           | 750           |
| 401(k), SARSEP, 403(b) and 457                          | Elective deferral limit  | 22,500        | 23,000        |
|   | Catch-up limit for individuals age 50 and older  | 7,500         | 7,500         |
| Profit-sharing, 401(k), SEP IRA and money purchase plan | Defined contribution limit [415(c) limit]  | 66,000        | 69,000        |
|   | Employee annual compensation limit   | 330,000       | 345,000       |
| 401(k), SARSEP and 457                                  | Highly compensated employee  | 150,000       | 155,000       |
| Profit-sharing, 401(k) and money purchase plan          | Top-heavy plan key employee compensation limit   | 215,000       | 220,000       |
| Defined benefit   | Maximum annual benefit at retirement   | 265,000       | 275,000       |

| Social Security  |  | 2023 \$ limit     | 2024 \$ limit     |
|--|--|-------------------|-------------------|
| Social Security taxable wage base  |  | 160,200           | 168,600           |
| Maximum earnings for individuals under normal retirement age before Social Security benefits are reduced. One dollar in benefits will be withheld for every \$2 in earnings above the limit. |  | 21,240 (1,770/mo) | 22,320 (1,860/mo) |
| Maximum benefit depends on the age you retire. Amount displayed is the maximum benefit at full retirement age. <sup>1</sup>  |  | 3,627             | 3,822             |

| Health savings accounts   |  | 2023 \$ limit | 2024 \$ limit |
|---|--|---------------|---------------|
| Maximum contribution limit  | Single                                   | 3,850         | 4,150         |
|   | Family                                   | 7,750         | 8,300         |
|   | Catch-up (age 55 by the end of the year) | 1,000         | 1,000         |
| Minimum annual deductible for high single deductible health plan (HDHP) | Single                                   | 1,500         | 1,600         |
|   | Family                                   | 3,000         | 3,200         |
| HDHP maximum out-of-pocket expenses                                     | Single                                   | 7,500         | 8,050         |
|   | Family                                   | 15,000        | 16,100        |

| Gift tax exclusion          |               |               |
|-----------------------------|---------------|---------------|
| Filing status               | 2023 \$ limit | 2024 \$ limit |
| Single or head of household | 17,000        | 18,000        |
| Married filing jointly      | 34,000        | 36,000        |

| Modified adjusted gross income (MAGI) phase-out ranges <sup>2</sup><br>Traditional IRA deduction when taxpayer is covered by retirement plan at work |                       |                       |
|--|-----------------------|-----------------------|
| Filing status  | 2023 \$ limit         | 2024 \$ limit         |
| Single or head of household  | >73,000 but <83,000   | >77,000 but <87,000   |
| Married filing jointly   | >116,000 but <136,000 | >123,000 but <143,000 |
| Married filing jointly for non-covered spouse with a spouse who is an active participant   | >218,000 but <228,000 | >230,000 but <240,000 |

| MAGI phase-out ranges for Roth IRA annual contributions <sup>3</sup>  |                       |                       |
|---|-----------------------|-----------------------|
| Filing status   | 2023 \$ limit         | 2024 \$ limit         |
| Single, head of household, or married filing separately and you did not live with your spouse at any time during the year | ≥138,000 but <153,000 | ≥146,000 but <161,000 |
| Married filing jointly  | ≥218,000 but <228,000 | ≥228,000 but <240,000 |

1. <https://www.ssa.gov/pubs/EN-05-10035.pdf>

2. <https://www.irs.gov/retirement-plans/plan-participant-employee/2024-ira-contribution-and-deduction-limits-effect-of-modified-agi-on-deductible-contributions-if-you-are-covered-by-a-retirement-plan-at-work>

3. <https://www.irs.gov/retirement-plans/plan-participant-employee/amount-of-roth-ira-contributions-that-you-can-make-for-2024>

&Partners<sup>SM</sup> is the enterprise trade/marketing name for Ampersand Partners LLC, a Delaware limited liability holding company, and its subsidiary, &Partners LLC, a Tennessee limited liability company. Securities and advisory services offered through &Partners LLC, member [FINRA](#), [SIPC](#). Please see FINRA's [BrokerCheck](#) for information on our firm and representatives as well as these important [disclosures](#).

Third-party information in this report has been obtained from sources believed to be accurate; however, &Partners makes no guarantee as to the accuracy or completeness of the information. &Partners does not provide tax advice. All decisions regarding the tax implications of your investments should be made in consultation with your independent tax advisor.