Thoughts from: Morgan Stanley

Market Insights: Observations & Outlook

By: Aron Huddleston, CFA® & Andy Jacobitz, CFA®

2023 turned out to be better than expected for the economy and the financial markets in spite of higher interest rates and economic uncertainty. However, not all was equal as the primary driver of returns was the “Magnificent Seven,” which are seven large technology companies that got a big boost from excitement about artificial intelligence (AI): Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

Evidence of this can be seen when we analyze the returns of the S&P 500 Index (which weights larger companies more heavily based on a company’s market value) versus the S&P 500 Equal Weight Index (where each company is allocated to an equal weight of 1/500 (.2%) of the index total).

The S&P 500 has become more concentrated with heavier weightings in the fewest companies than it has seen since the dot-com bubble in 1999. At the end of 2023, the ten largest stocks made up almost a third of the S&P 500 index[1]. For 2023, the S&P 500 market cap total return was +26.29% vs. the S&P Equal Weight Index which was up +13.87%[2].

In the late 1990s, the surge in Internet enthusiasm and adoption led to a distorted market and eventually substantial stock corrections. We anticipate AI following a similar path. Much like the Internet, AI will have a large impact on how we work and live, but it will take time to evolve.

We caution against chasing these “hot” stocks that are now richly valued with high price-to-earnings ratios. Our equity analysts align with this perspective, believing the largest beneficiaries of AI will be many of the non-AI-tech-focused companies. By strategically integrating AI technology, we can expect these companies to enhance operational efficiency and profitability, drawing parallels to the positive impacts observed during their adoption of the Internet. But again, it will take time.

Looking ahead to 2024, one of the key market drivers will be the path of interest rates set by the Federal Reserve. In 2020, massive monetary and fiscal stimulus was implemented after mandated shutdowns to help keep the economy afloat. These actions led to high inflation with too much money chasing a constrained supply of goods and services.

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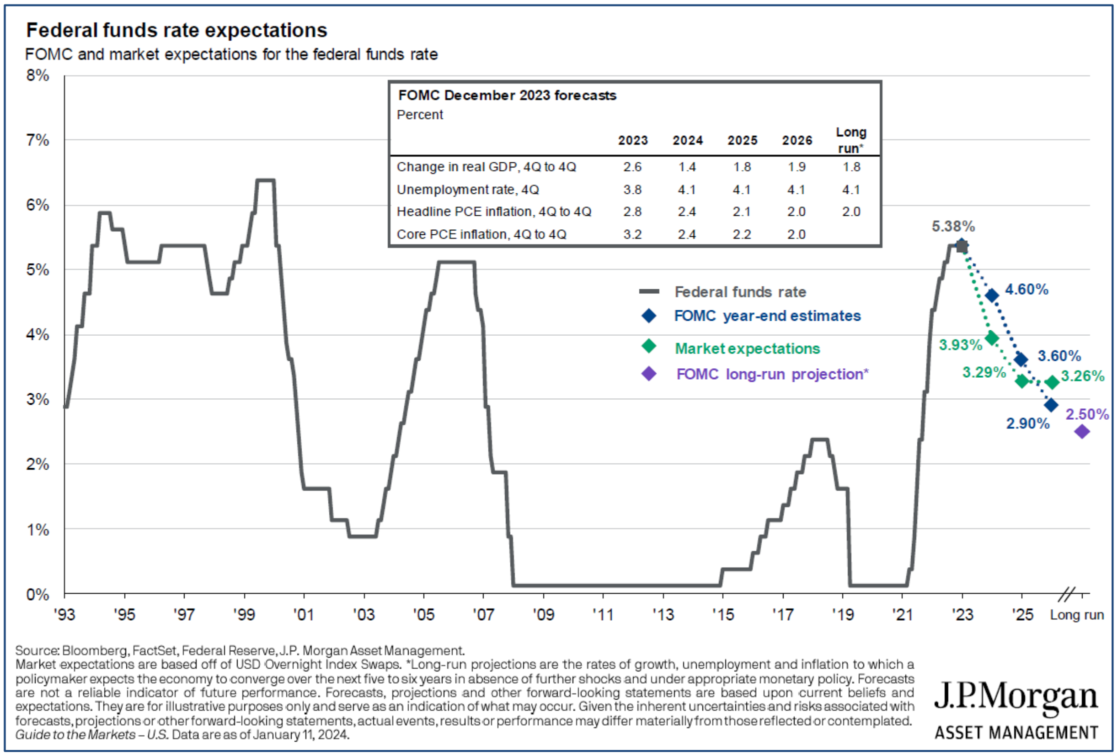
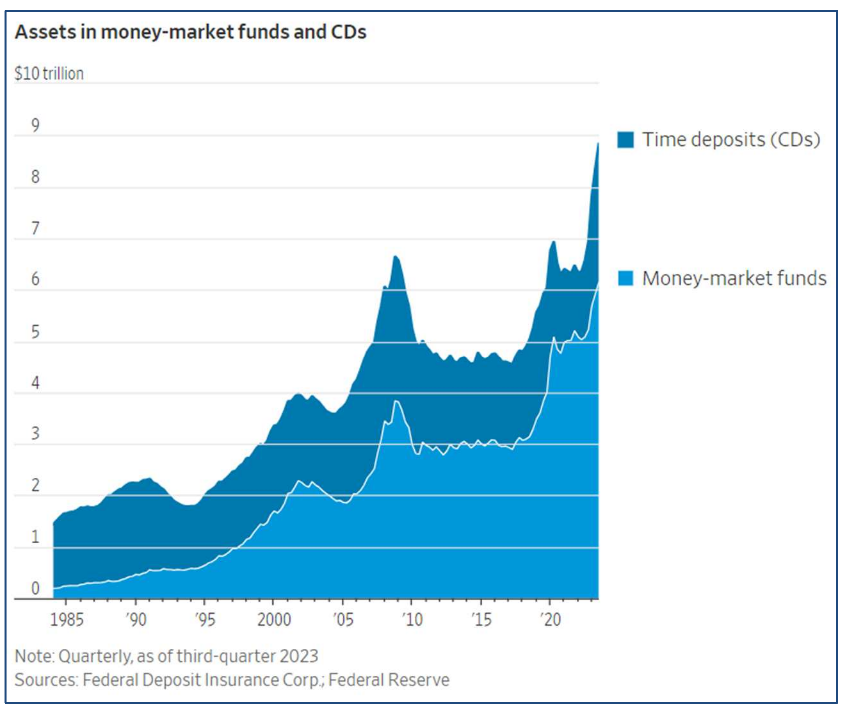
Because of extreme inflation, the Fed tightened monetary policy by raising short-term interest rates and reducing the money supply. Inflation has eased and the Fed has paused, but there is a disconnect between what the market expects and what the Fed projects it may do next, both in the number of times it will cut the Fed Funds Rate and how soon those cuts may start.

Inflation has come down from a peak of 9% to the latest reading on CPI of 3.3%[3] but wage inflation may prove to be sticky, making it difficult for the Fed to hit their 2% inflation target. If they ease monetary policy too quickly, they could run the risk of inflation reaccelerating, like it did in the 1970s.



The bond market has also expressed concern about the U.S. fiscal situation. The official 2023 fiscal year deficit of $1.7trillion is historically high relative to the size of the economy. This high relative figure is amplified given the current strength of the economy and low unemployment rate. The national debt is now over $34 trillion[4]. Ultimately, the risk is that bond market vigilantes will drive up longer-term interest rates to compensate for the perceived increased risk of the U.S. government taking on more debt than it can manage. On the other hand, up until now, the government has been very adept at kicking the can down the road. This is something to watch and understand, but not panic over.

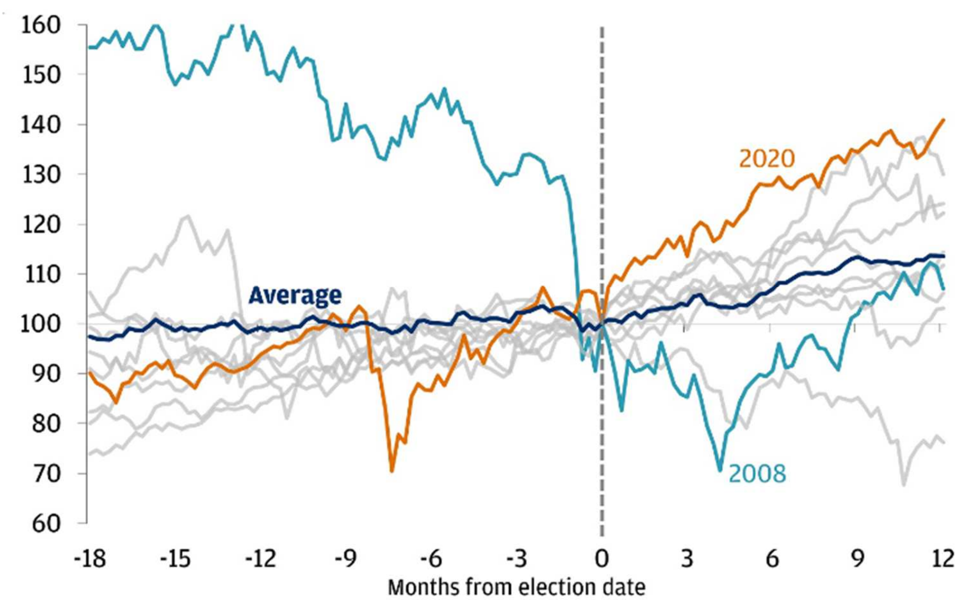


Higher short-term interest rates have also led investors to place an unprecedented amount of money in money market funds and certificates of deposit.[5] This could be a tailwind for both stocks and bonds. When rates begin the fall, some investors may use this cash to buy other investments that may then look relatively more attractive.

The presidential election will be another key event this year. We can gain insight by looking at past Presidential election years[6]. Typically, the market experiences increased volatility due to the pre-election uncertainty. However, once the election results are known and a clearer picture of future policy emerges, markets often stabilize and even rally, no matter which party wins.

Stocks tend to be volatile heading into an election, and rally thereafter

S&P 500 around U.S. Presidential elections since 1980, 100 = election date



Sources: Bloomberg Finance L.P., J.P. Morgan Wealth Management. Analysis as of November 9, 2023. Elections included are 19 1984, 1988, 1992, 1996, 2000, 2004, 2008, 2012, 2016 and 2020.

Overall, we anticipate that 2024 will be choppy. We continue to be defensive in our portfolios. We are focused on segments of the market that are trading at more reasonable valuations than the "Magnificent Seven". In addition, we are focused on investing in high quality companies that exhibit traits like positive free cash flow, low leverage, stable growth, dividend payers and dividend growers. It is important to stick to our long-term discipline and not get caught up in the hype around certain segments of the market. History has shown that when the crowd is the loudest, it is usually a sign that the end of the hype (or panic) is near. We look forward to visiting with each of you in the coming year. We thank you again for the opportunity to serve you and your family. It is a privilege for us to do so. ■

2024 Contribution Limits

IRS Retirement Savings Contribution Limits

Below are the contribution limits for tax year 2024.

2024	Under Age 50	Over Age 50	Contribution Deadline
Traditional & Roth IRAs	$7,000	$8,000	4/15/2025
SEP IRAs	$69,000	$69,000	4/15/2025 + extensions
Elective Deferrals 401(k), 403(b), 457(b)	$23,000	$30,500	12/31/2024

You have until the tax deadline of 4/15/2024 to still make 2023 contributions!

The Financial Planning Corner

When the Moon Hits Your Eye…

By: Bob Forrest, CFP®

**Note* this article is part 1 of a 4-part series of family financial planning through life stages*

You've found the one. You said yes. They said yes. We all said yes! It's time to plan a wedding! And so much more …

It's been attributed to a number of people, but a quote that has stuck with me is, "A lot of people would be a lot happier if they'd spend as much time planning their marriage as they do their wedding".

Like a lot of things these days, how married couples handle their finances is, to put it lightly, a hot button topic. In this short article we don't want to tell you what to do. We just want to put up some guideposts so you can peer into the future to see some decisions that, at some point in time, will need to be made. Here are three major considerations:

Here Comes the Bride

In my first job out of college, my boss's wife had a well-off family. Her dad said (with some artistic liberty taken by yours truly), "Darling dearest, I have $50,000 burning a hole in my pocket. I can write you a check or pay for a wedding. The choice is up to you". I'll let you guess which one she chose.

On our first date, I told my wife I wanted a lengthy wedding with custom tuxedos. She defiantly told me she wanted a potluck. Well, we were busted broke when we got married (minister and barista income). So we did what we could afford: We went to the courthouse on a Tuesday, said our nuptials in front of a judge and had a near potluck style reception 6 months later in the finished RV garage of her uncle's house. Even though I didn't get my custom tuxedos, we loved it.

You do you. If you have your heart set on a wedding to make Harry & Meghan weep, make it happen. If you want Elvis to say "you may kiss the bride" that's your prerogative. The important thing is to plan, save and invest responsibly to make sure you enter matrimony on the right foot. We can't help with colors, but we can help with numbers.

What's Mine is Mine … and What's Yours is Mine

Here's an easy one. You're just going to merge all your assets together, right? Maybe. In the spectrum of commingling assets, there three major landing zones:

- Merge none of it.
- Merge some of it.
- Merge all of it.

I've seen married couples with totally separate everything, couples who have a joint account they both contribute to for bills & certain expenses and some couples who merged every dollar (and debt) they had.Is there a right and wrong? People tend to think so. Ultimately, the best decision is the one that you and your spouse agree on after having extensive, open communication with one another and hopefully some expert financial counsel. Here are some things to consider when talking money mergers. None of these are reasons to do or not to do something, they're just talking points that tend to get overlooked (assuming there has been a money conversation to begin with).

- Do you have vastly different economic statuses? If one partner inherited a very large estate, they may be less inclined to just put your name on everything as a co-owner. Likewise, if one partner is saddled with an extreme amount of debt.
- Habits can make or break you. Some individuals are excellent savers and some are excellent spenders. If one partner is loose with their wallet, it's important to discuss how you, as a couple, will navigate potential pitfalls.
- How will assets (and savings rates) be handled if one partner stays home with the kids instead of working outside the home? It's not enough to talk about the now money, but how will spouses fund one another's investment accounts when only one is employed? Or will you at all?

We can't make the decision for you, but we're glad to walk the road with you.

Till Death do us Part

Proper asset protection for most singles is not a major thought-provoker. But after getting married, there is the consideration of *if* I want to provide for my spouse if I pass away, *how much* do I want to provide and *how* am I going to make that happen?

Of course, the total amount needed varies widely based on a host of factors and we're here with lots of experience and sophisticated tools to help you calculate your number as well as the most cost-efficient way to meet that need. Similar consideration should be made for disability expenses as well.

There are many other considerations for newlyweds. We love getting into the weeds and exploring the nuances of your unique plan. Just reach out to us to schedule a meeting. ■

Common Investment Account Types

By: Nick Nalbach, CFP®, CIMA®, CPWA®

In my opinion, a lot of things in the world of personal finance are overcomplicated. Let's keep this one easy. For this article, let's not worry about insurance, annuities, trusts, or even that term that's become oh so popular – "Roth conversions." All of those are certainly worthy of attention but are beyond the intent of this article. For today, we're going to pretend you just earned $100 at work and plan to save all of it. Then we'll talk about what that might look like in various account types. This writeup is intended to cover the foundation. If you want to talk through these in more detail and/or apply these concepts to your personal circumstance, please reach out to the Realize Wealth Management Group team.

The Pre-tax/Traditional Route

Examples: Traditional IRA, Traditional 401k, Traditional 403(b), Traditional 457, Traditional Thrift Savings Plan, Traditional SIMPLE IRA, Traditional SEP IRA

Pre-tax is just that. You will take your $100 of earnings and put all of it into your account without paying taxes on the money in the current year. That $100 grows tax-deferred until you withdraw the money. At that point, your withdrawal amount is subject to ordinary income tax. You must be at least 59.5 years old to withdraw without penalty.

The Roth Route

Examples: Roth IRA, Roth 401k, Roth 403(b), Roth 457, Roth Thrift Savings Plan, Roth SIMPLE IRA, Roth SEP IRA.

Roth could also be defined as post-tax. You earned your $100 but must pay taxes on those earnings this year. For example, let's say you fall into a 20% tax bracket and are contributing to a Roth 401(k). You'll withhold $20 of that $100 for taxes and end up with a net amount of $80 that gets contributed into your Roth 401k. Those earnings grow tax-deferred until you withdraw the money. At that point your withdrawal amount is tax-free. You must be at least 59.5 years old to withdraw without penalty.

The Taxable/Brokerage Route

Most tax-advantaged accounts have a maximum contribution amount each year. Assuming you have an emergency fund built up and have already maxed out your retirement account(s), the taxable account is typically the next place to look at for saving money towards non-retirement goals. With this account type you contribute post-tax money into an investment account, and it grows while being taxed along the way. So, if you earn $100 at work, that $100 will be subject to federal and state taxes, then be deposited into your bank account. From there, that net amount gets invested to your taxable investment account. Each year you will typically be taxed on capital gain/loss, dividends, and/or interest. One big advantage to this account type is that there is no 59.5-year-old age requirement. You can withdraw the funds any time without penalty.

The Health Savings Account

The HSA is generally deemed the most tax-advantaged savings vehicle because (see picture on the following page) it meets all three criteria: 1) contribution is tax deductible 2) money grows tax-deferred and 3) withdrawals are tax free if used for qualified health care expenses. The HSA is a wonderful tool to use if eligible, but there are some requirements. To create an example with the HSA, you will take your $100 of earnings and put all of it into your account without paying taxes on the money in the current year. That $100 grows tax-deferred until you withdraw the money. At that point your withdrawal amount is tax free if used on qualified health care expenses. There is not an age requirement to take withdrawals without penalty. Please note: Morgan Stanley does not offer Health Savings Accounts.

The 529 Account

This is a type of education savings vehicle. There are other options for how to save for education, but today we'll solely be focusing on the 529. As you can see in the graphic on the following page, the 529 allows for tax-deferred growth and tax-free withdrawals if used for qualified education expenses. Those are great features, but unfortunately 529 contributions are not tax deductible for federal tax purposes. That said, over 30 states in the US offer an income tax benefit for state tax purposes[8]. So, how would this example play out with your $100? That $100 will be subject to federal and state taxes, then be deposited into your bank account. From there, that net amount gets invested to your 529 account. The money grows tax-deferred, and withdrawals are tax free if used for qualified education expenses. If participating in a 529 plan with state tax benefits, you may get a state tax deduction based on your contribution to the 529.■

	Tax-Deductible Contributions/Investments	Tax-Deferred Account Growth	Tax-Free Withdrawals	
Pre-Tax 401(k) / Traditional IRA	✓	✓	—	*Taxable (income tax)*
Roth 401(k) / IRA	—	✓	✓	*For qualified withdrawals*
After-tax 401(k) / Non-deductible Traditional IRA	—	✓	—	*Taxable investment returns (income tax)*
Health Savings Account (HSAs)	✓	✓	✓	*For qualified health care expenses*
529 Education Savings Plan	—*	✓	✓	*For qualified education expenses*
Brokerage Account	—	—	—	*Fully Taxable*

2023 Tax Form Mailing Schedule

When will I receive my 2023 tax forms?

The dates listed below are when we expect to have your tax forms available online and by mail. Depending on your activity and portfolio, you may receive your tax form later.

Form	Date Available Online (if you have elected e-tax docs)	Mailing Date (if you have elected paper tax docs)
1099-R	January 30th, 2024	January 30th, 2024
Consolidated 1099	March 1st, 2024	March 8th, 2024
5498[1]	May 13th, 2024	May 13th, 2024
K-1s[2]	www.taxpackagesupport.com	On or before March 15, 2024
REMIC/CDO[3]	March 11th, 2024	March 11th, 2024

1. IRA Contributions Information which you do not need to file your taxes.
2. Partnership K-1s are sent to clients from the partnership, not Morgan Stanley.
3. Clients with REMICs and CDOs generally receive an updated Form 1099-OID and should NOT file their taxes until they receive their corrected 1099 information.

Team News

Welcome to the world, Riley!

Bob Forrest and his wife Katie are proud to announce the arrival of their first child. Miss Riley Jean was born on December 12, 2023. She sleeps like her mom and is a glutton like her dad. ■

Nick Nalbach and Bob Forrest Named to Pacesetter's Club at Morgan Stanley Wealth Management

We are proud to announce that both Nick Nalbach, CFP®, CIMA® and Bob Forrest, CFP® have been named to Morgan Stanley's prestigious Pacesetter's Club, a global recognition program for Financial Advisors who, early in their career, have demonstrated the highest professional standards and first-class client service. This is the fourth year Nick has been on this list and the second year for Bob! Great job, Nick & Bob! ■

Collaborate With Your Morgan Stanley Team

Morgan Stanley Online is designed to complement your relationship with your Morgan Stanley account team.

Store Documents in a Digital Vault
Upload important financial documents online and share them with your Morgan Stanley team.

Online Scheduling
Just click or tap to locate a Morgan Stanley Wealth Management branch and schedule a sit-down with your Financial Advisor.

Quickly Wire Money
Use eAuthorizations to securely wire and transfer money with just a click or tap.

Getting Started Is Easy as 1-2-3

It's time to simplify and streamline your finances. Here's how to get started with Morgan Stanley Online:

1 **Register for Morgan Stanley Online.** Visit morganstanley.com/online. Select "Create a username" and follow the instructions.

OR

2 **Download the Morgan Stanley App.** Search for "Morgan Stanley Wealth Management" in the iPhone®/iPad® App Store® or Android™ Google Play™.

3 **Use Morgan Stanley Online regularly** to stay informed and keep track of your financial goals.

References:

1. JP Morgan Asset Management Guide to the Markets – S&P 500: Index Concentration
2. Morningstar Advisor Workstation S&P 500 TR USD and S&P 500 Equal Weighted TR USD
3. US Bureau of Labor Statistics – December 2023 Release
4. FiscalData.Treasury.gov
1. Wall Street Journal 1/18/24
2. JP Morgan – 2024 Elections: 3 thoughts on the year ahead
7. Morgan Stanley. Wealth Books. Tax-Advantaged Accounts Offer Material Benefits.
8. How Much is your State's 529 Tax Deduction Really Worth? 11/26/2023. www.savingforcollege.com

Disclosures:

2024 Tax Rate Schedule

TAXABLE INCOME ($) OVER	NOT OVER	BASE AMOUNT OF TAX ($)	PLUS	MARGINAL TAX RATE (%)	OF THE AMOUNT OVER ($)
SINGLE					
$0	$11,600	$0	+	10.0	$0
$11,600	$47,150	$1,160.00	+	12.0	$11,600
$47,150	$100,525	$5,426.00	+	22.0	$47,150
$100,525	$191,950	$17,168.50	+	24.0	$100,525
$191,950	$243,725	$39,110.50	+	32.0	$191,950
$243,725	$609,350	$55,678.50	+	35.0	$243,725
$609,350		$183,647.25	+	37.0	$609,350
HEAD OF HOUSEHOLD					
$0	$16,550	$0	+	10.0	$0
$16,550	$63,100	$1,655.00	+	12.0	$16,550
$63,100	$100,500	$7,241.00	+	22.0	$63,100
$100,500	$191,950	$15,469.00	+	24.0	$100,500
$191,950	$243,700	$37,417.00	+	32.0	$191,950
$243,700	$609,350	$53,977.00	+	35.0	$243,700
$609,350		$181,954.50	+	37.0	$609,350
MARRIED FILING JOINTLY AND SURVIVING SPOUSES					
$0	$23,200	$0	+	10.0	$0
$23,200	$94,300	$2,320.00	+	12.0	$23,200
$94,300	$201,050	$10,852.00	+	22.0	$94,300
$201,050	$383,900	$34,337.00	+	24.0	$201,050
$383,900	$487,450	$78,221.00	+	32.0	$383,900
$487,450	$731,200	$111,357.00	+	35.0	$487,450
$731,200		$196,669.50	+	37.0	$731,200
MARRIED FILING SEPARATELY					
$0	$11,600	$0	+	10.0	$0
$11,600	$47,150	$1,160.00	+	12.0	$11,600
$47,150	$100,525	$5,426.00	+	22.0	$47,150
$100,525	$191,950	$17,168.50	+	24.0	$100,525
$191,950	$243,725	$39,110.50	+	32.0	$191,950
$243,725	$365,600	$55,678.50	+	35.0	$243,725
$365,600		$98,334.75	+	37.0	$365,600
ESTATES AND TRUSTS					
$0	$3,100	$0	+	10.0	$0
$3,100	$11,150	$310	+	24.0	$3,100
$11,150	$15,200	$2,242	+	35.0	$11,150
$15,200		$3,659.50	+	37.0	$15,200

Kiddie Tax: All net unearned income over a threshold amount of $2,600 for 2024 is taxed using the marginal tax and rates of the child's parents.

Tax Rates on Long-Term Capital Gains & Qualified Dividends

LTCG TAX	TAXABLE INCOME: SINGLE FILERS	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD	MARRIED FILING SEPARATELY	ESTATES & TRUSTS[1]
0%	$47,025 or less	$94,050 or less	$63,000 or less	$47,025 or less	$3,150 or less
15%	More than $47,025 and less than $518,900	More than $94,050 and less than $583,750	More than $63,000 and less than $551,350	More than $47,025 and less than $291,850	More than $3,150 and less than $15,450
20%	$518,900 or more	$583,750 or more	$551,350 or more	$291,850 or more	$15,450 or more

1. Estates and irrevocable trusts that do not distribute capital gains are subject to these rates.

Net Investment Income Tax

For individuals, 3.8% tax on the lesser of: (1) Net Investment Income, or (2) MAGI in excess of $200,000 for single filers, or head of households, $250,000 for married couples filing jointly, and $125,000 for married couples filing separately.[2]

2. A different calculation applies to trust and estates.

Standard Deductions for Non-Itemizers

FILING STATUS	STANDARD DEDUCTION	PERSONAL EXEMPTION	PHASEOUTS BEGIN AT AGI OF:
Single	$14,600	N/A	N/A
Head of household	$21,900	N/A	N/A
Married, filing jointly and surviving spouses	$29,200	N/A	N/A
Married, filing separately	$14,600	N/A	N/A
Dependent filing own tax return	$1,300[3]	N/A	N/A
ADDITIONAL DEDUCTIONS FOR NON-ITEMIZERS			
Blind or over 65 Married Filing Jointly			Add $1,550
Blind or over 65 and unmarried and not a surviving spouse			Add $1,950

3. For taxable years beginning in 2024, the standard deduction amount under § 63(c)(5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) $1,300, or (2) the sum of $450 and the individual's earned income

Alternative Minimum Tax

EXEMPTION AMOUNTS AND PHASEOUTS	EXEMPTION AMOUNT/PHASEOUT AMOUNT BEGINS AT:
Single	$85,700/$609,350
Married, filing jointly or surviving spouses	$133,300/$1,218,700
Married, filing separately	$66,650/$609,350
Estates and trusts	$29,900/$99,700

AMT TAX RATES	MARRIED FILING SEPARATELY	ALL OTHERS
26% tax rate applies to income below: 28% tax rate applies to income over:	$116,300	$232,600

Child Tax Credit

CREDIT	MAXIMUM CREDIT	INCOME PHASEOUTS BEGIN AT MAGI OF:
Child Tax Credit[4]	$2,000 per qualifying child	$400,000 – married filing jointly $200,000 – all others

4. Subject to eligibility requirements

Gift and Estate Tax Exclusions and Credits

Gift tax annual exclusion	$18,000
Estate, gift & generation skipping transfer tax exclusion amount (per taxpayer)	$13,610,000
Exclusion on gifts to non-citizen spouse	$185,000
Maximum estate, gift & generation skipping transfer tax rate	40%

Tax Deadlines *(As of November 2023)*

Jan 16, 2024 – 4th installment deadline to pay 2023 estimated taxes due

April 15, 2024 – Last day to file amended return for 2020 (subject to limited exceptions); Last day to contribute to most employer-sponsored retirement plans, including SEPs and profit-sharing plans for 2023 if the federal income tax return deadline for the business that maintains such plans is April 15, 2024 (unless the federal income tax return filing deadline for the business has been extended). Tax filing deadline to request an extension until Oct. 15, 2024, for businesses whose tax return deadline is April 15, 2024. 1st installment deadline to pay 2024 estimated taxes due. Last day to file federal income tax returns for individuals (unless the individual lives in Maine or Massachusetts, in which case the deadline is April 17, 2024). Tax filing deadline to request an extension until Oct. 15, 2024 for individuals whose tax return deadline is April 15, 2024. Last day to contribute to Roth or traditional IRA or HSA for 2023.

Jun 17, 2024 – 2nd installment deadline to pay 2024 estimated taxes due.

Sep 16, 2024 – 3rd installment deadline to pay 2024 estimated taxes due.

Oct 15, 2024 – Last day to file federal income tax return if 6-month extension was requested by April 15, 2024 (subjected to limited exceptions). Last day to recharacterize an eligible Traditional IRA or Roth IRA contribution from 2023 if extension was filed or tax return was filed by April 15, 2024 (and certain conditions were met). Last day to contribute to most employer-sponsored retirement plans, including SEPs and profit-sharing plans for 2023 if the federal income tax return deadline for the business that maintains such plans is April 15, 2024, and federal income tax return extension was filed for such business.

Dec 31, 2024 – Last day to: 1) pay expenses for itemized deductions for 2024; 2) complete transactions for capital gains or losses. Note: last 2023 trade date is December 29.

Traditional IRA Deductibility Limits

The contribution limit for Traditional IRAs is **$7,000**; the catch up at age 50+ is **$1,000.**

FILING STATUS[1]	MODIFIED AGI	CONTRIBUTION
Single/HOH; covered by a plan at work	$77,000 or less	Fully Deductible
	More than $77,000 and less than $87,000	Partially Deductible
	$87,000 or More	Not Deductible
Married Filing Jointly; covered by a plan at work	$123,000 or less	Fully Deductible
	More than $123,000 and less than$143,000	Partially Deductible
	$143,000 or More	Not Deductible
Married Filing Jointly; not covered by a plan at work and spouse is covered by a plan at work	$230,000 or less	Fully Deductible
	More than $230,000 and less than $240,000	Partially Deductible
	$240,000 or More	Not Deductible
Married Filing Separately[2] and you or your spouse are covered by plan at work[2]	Less than $10,000	Partially Deductible
	$10,000 or More	Not Deductible

1. If not covered by a plan, single, HOH and married filing jointly/separately (both spouses not covered by a plan) tax filers are able to take a full deduction on their IRA contribution without MAGI limitations.

Roth IRAs Contribution Limits

The contribution limit for IRAs is **$7,000**; the catch up at age 50+ is **$1,000**.

ALLOWABLE CONTRIBUTION	MODIFIED AGI[3]		
	SINGLE/HOH	MARRIED FILING JOINTLY	MARRIED FILING SEPARATELY[2]
Full	Less than $146,000	Less than $230,000	N/A
Partial	$146,000 less than $161,000	$230,000 less than $240,000	$0 – less than $10,000
None	$161,000 or more	$240,000 or more	$10,000 or more

2. If spouses did not live together at any time during the year, Single/HOH MAGI limits apply. 3. Roth conversion income is not included in MAGI.

Other Retirement Plan Contribution Limits

RETIREMENT PLAN TYPE	MAX. CONTRIBUTION LIMIT[4]	CATCH-UP (50+)	MAXIMUM COMPENSATION TAKEN INTO ACCOUNT
SEP IRA	The lesser of 25% of compensation or $69,000[5]	N/A	Employer contributions cannot take into account compensation in excess of $345,000
SIMPLE IRA[6]	$16,000	$3,500	If matching contributions, up to 3% of employee compensation. If nonelective contribution (2% to 10%), employee compensation for calculation capped at $345,000, generally subject to a maximum of $5,000
Defined Benefit Plan	Individual benefit limited to the lesser of: 100% of average compensation in highest 3 consecutive calendar years, or $275,000	N/A	Compensation for benefit calculation capped at $345,000 or lower limit defined in the plan
401(k)	$23,000	$7,500	Employer contributions cannot take into account compensation in excess of $345,000
403(b), 457(b), Roth 401(k)	$23,000	$7,500[7]	Employer contributions cannot take into account compensation in excess of $345,000

4. For SIMPLE IRA, 401(k), 403(b), 457(b), and Roth 401(k), limit applies to employee contributions; additional employer contributions may be made. 5. For self-employed individuals, 25% of net earnings from self-employment. 6. Effective January 1, 2024, for employers with 25 or fewer employees or that meet a higher matching or nonelective contribution threshold, higher limits for each of these amounts generally apply. 7. For certain 403(b) and 457(b) plans, special additional catch-up contributions may be permitted in specified circumstances. 457(b) plans of tax-exempt employers do not permit regular catch-up contributions.

Health Savings Accounts[8]

COVERAGE TYPE	MAXIMUM CONTRIBUTION
Self-Only HDHP Coverage	$4,150
Family HDHP Coverage	$8,300
Catch-up for 55 and older by end of calendar year	$1,000

8. HSAs are only available for taxpayers enrolled in a qualifying high-deductible health plan (HDHP)

Education Credits & Exclusions

CREDIT / EXCLUSION	MAXIMUM CREDIT / EXCLUSION	INCOME PHASEOUT AT MAGI OF:
American Opportunity Tax Credit/Hope	$2,500 credit	$160,000 – $180,000 joint $80,000 – $90,000 all others
Lifetime Learning Credit	$2,000 credit	$160,000 – $180,000 joint $80,000 – $ 90,000 all others
Savings bond interest tax-free if used for education	Exclusion limited to amount of qualified education expenses	$145,000– $175,200 joint $96,800 - $111,800 all others

Social Security

FILING STATUS	PROVISIONAL INCOME[9]	% of SS SUBJECT TO TAXES
TAX ON SOCIAL SECURITY BENEFITS: INCOME BRACKETS		
Single, HoH, surviving spouse, married filing separately and living apart from spouse	$25,000 or less	0
	More than $25,000 and less than $34,000	up to 50%
	$34,000 or more	up to 85%
Married filing jointly	$32,000 or less	0
	More than $32,000 and less than $44,000	up to 50%
	Over $44,000	up to 85%
Married filing separately and living with spouse	More than $0	up to 85%

9. Adjusted Gross Income + nontaxable interest + ½ of Social Security benefits

FICA

SS TAX PAID ON TAXABLE MAXIMUM OF INCOME UP TO $168,600	PERCENTAGE WITHHELD	MAXIMUM TAX PAYABLE
Tax (FICA)		
Employer pays	6.2%	$10,453.20
Employee pays	6.2%	$10,453.20
Self-employed pays	12.4%	$20,906.40

Medicare Tax

SS TAX PAID ON INCOME	PERCENTAGE WITHHELD
Employer pays	1.45%
Employee pays	1.45% + 0.9% on wages over $200,000 (single) or $250,000 (joint)
Self-employed pays	2.90% + 0.9% on self-employment income over $200,000 (single) or $250,000 (joint)

Social Security Benefits Reduction Before Full Retirement Age

AGE WHEN BENEFITS BEGIN	PERCENTAGE OF SOCIAL SECURITY BENEFITS	
	FRA of 66[10]	FRA of 67[10]
62	75.0%	70.0%
63	80.0%	75.0%
64	86.7%	80.0%
65	93.3%	86.7%
66	100.0%	93.3%
67	100.0%	100.0%

10. Full retirement age determined by year of birth

Retirement Earnings Exempt Amounts

Before Full Retirement Age (FRA)	$22,320
During the year in which FRA is reached	$59,520
After FRA	No limit after FRA

Deductibility of Long-Term Care Premiums on Qualified Policies

ATTAINED AGE BEFORE CLOSE OF TAX YEAR	AMOUNT OF LTC PREMIUMS THAT QUALIFY AS MEDICAL EXPENSES IN 2024
40 or under	$470
Over 40 and 50 or under	$880
Over 50 and 60 or under	$1,760
Over 60 and 70 or under	$4,710
Over 70	$5,880

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