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Updates for 2024

The Internal Revenue Service recently released updated income tax brackets, standard deduction, and retirement contribution limits for the 2024 tax year. While these taxes are not due for some time, it may benefit you to start thinking ahead. Overall, more than 60 provisions have changed, and here are a few of the most critical.

Tax Bracket Inflation Adjustment: Overall, tax brackets have been adjusted upwards by 5.4% for 2024. The primary purpose of this adjustment is to account for inflation, which is based on the Consumer Price Index. The government's goal is to keep income taxes in sync with consumer buying power.

Standard Deduction: The standard deduction has increased to $29,200 for married couples filing jointly, up $1,500 from the previous year. For single filers, this number increased by $750 to $14,600.

Individual Retirement Accounts (IRAs): IRA contribution limits are up $500 in 2024 to $7,000. Catch-up contributions for those over age 50 remained at $1,000, bringing the total limit to $8,000.

Roth IRAs: The income phase-out range for Roth IRA contributions increased by $8,000 to $146,000 - $161,000 for single filers and heads of household. For married couples filing jointly, phase-out will be $230,000 - $240,000 (a $12,000 increase). Married individuals filing separately see their phase-out range remain at $0 -$10,000.

Workplace Retirement Accounts: Those with 401(k), 403(b), 457 plans, and similar accounts will see a $500 increase for 2024, bringing the total maximum contribution amounts to $23,000. The catch-up contribution for those aged 50 and older remains at $7,500, bringing their total limit to $30,500.

Gift Tax: The annual gift tax exclusion is now $18,000 for 2024, an increase of $1,000 from the previous year.

Remember that we provide updates for informational purposes only, so consult with your tax professional before making any changes in anticipation of the new 2024 levels.

Social Security COLA And Medicare Part B Premiums

The Social Security Administration recently announced that over 71 million Americans, including Social Security and Supplemental Security Income beneficiaries, will receive a 3.2% increase in their benefits for 2024.[1]

However, it is crucial to consider the impact of Medicare Part B premiums on the overall increase in Social Security benefits. Typically, Medicare Part B premiums are deducted directly from Social Security checks. The Medicare trustees just announced that the average monthly premium for Medicare Part B will increase to $174.70 in 2024, up from $164.90 in 2023. The annual deductible for all Medicare Part B beneficiaries will increase to $240 in 2024, $14 more than 2023's annual deductible of $226.[2]

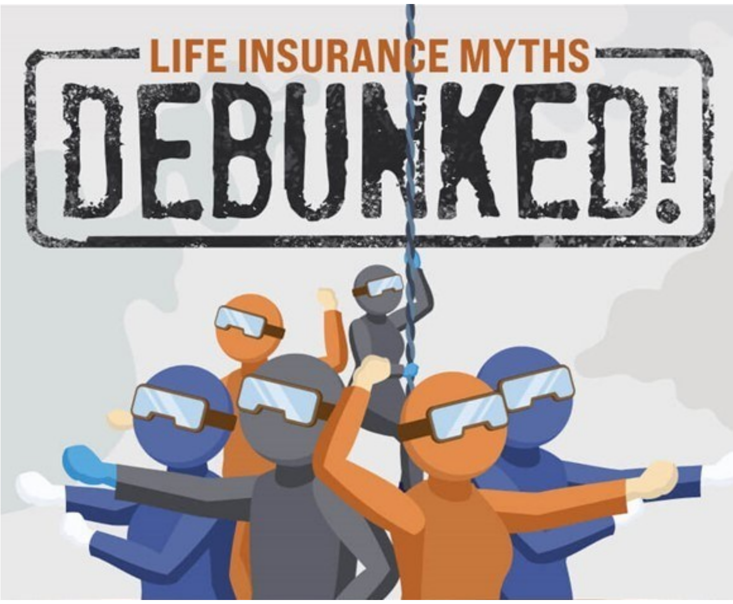
It is essential to acknowledge that many retirees are still grappling with the effects of inflation. The Bureau of Labor Statistics has developed a research Consumer Price Index that attempts to capture the financial experience of older people by re-weighting the goods and services retirees consume. According to the St. Louis Federal Reserve, this number has seen an inflationary rise of 4.15% between August 2022 and August 2023.[3]

While the 3.2% COLA increase for 2024 is a welcome development, it is vital to be aware of the impact of Medicare Part B premiums on the overall financial picture.

Citations

1. CMS.gov, October 12, 2023
2. FAQ.SSA.gov, October 12, 2023
3. AARP.com, October 12, 2023

Life Insurance Myths: Debunked



Have you ever heard someone claim they don't need life insurance? Or that insurance is too expensive? Maybe they even said, with certainty, that all the coverage they need is provided through their employer. If so, they may have fallen prey to some common life insurance myths. But never fear, the truth squad is here to clear things up.

MYTH #1– If you are single or married without children, you don't need life insurance

Myth Debunked: Even if you don't have a spouse or dependents, life insurance is still important. You can use it to leave a legacy or help pay off any debts. The right life insurance policy can help protect your loved ones and support your community long after you are gone.

MYTH #2– Life insurance is too expensive

Myth Debunked: You may be surprised to learn that many life insurance strategies are quite approachable. Starting with a policy that fits your budget can ensure you are protected today, while letting you purchase additional coverage if you need to down the road.

MYTH #3– I have life insurance through my job. If I leave or retire, I'll bring my policy with me

Myth Debunked: Unfortunately, employer-offered insurance usually isn't portable. So, when you leave your job, you may also be leaving your life insurance behind. By purchasing your own policy, you can take it with you. Another bonus: you may qualify for more personalized coverage.

MYTH #4– My beneficiaries will have to pay income tax on the proceeds from a life insurance policy

Myth Debunked: Proceeds received as a beneficiary aren't generally counted towards gross income. However, any additional interest payments may be taxed. Keep in mind that this article is for informational purposes only. It's not a replacement for real-life advice, so make sure you consult your insurance or tax professional for more information.

MYTH #5– I'm a full-time parent and draw no income. Surely I don't need life insurance

Myth Debunked: As a full-time parent, you provide valuable services that could be expensive to replace. If you pass away, the benefits from a strong life insurance policy may help ensure that your family will continue to receive childcare, transportation, home maintenance, and other necessary supports.

MYTH #6– I'm already retired; it's too late for life insurance

Myth Debunked: Maintaining life insurance post-retirement can be a wise move. Depending on your policy, you may have access to living benefits, which can support you if you need extended care or contract a terminal illness. Life insurance can also be a means of transferring wealth. What kind of legacy do you want to leave behind?

Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder may also pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.