

# Tax Bracket & Retirement Contribution Limits 2024 UPDATES

**T**he 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. Here are a few of the most critical tax bracket and retirement contribution limit changes.

## 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 to \$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. You can also contact our offices, and we can provide information about the pending changes.*



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