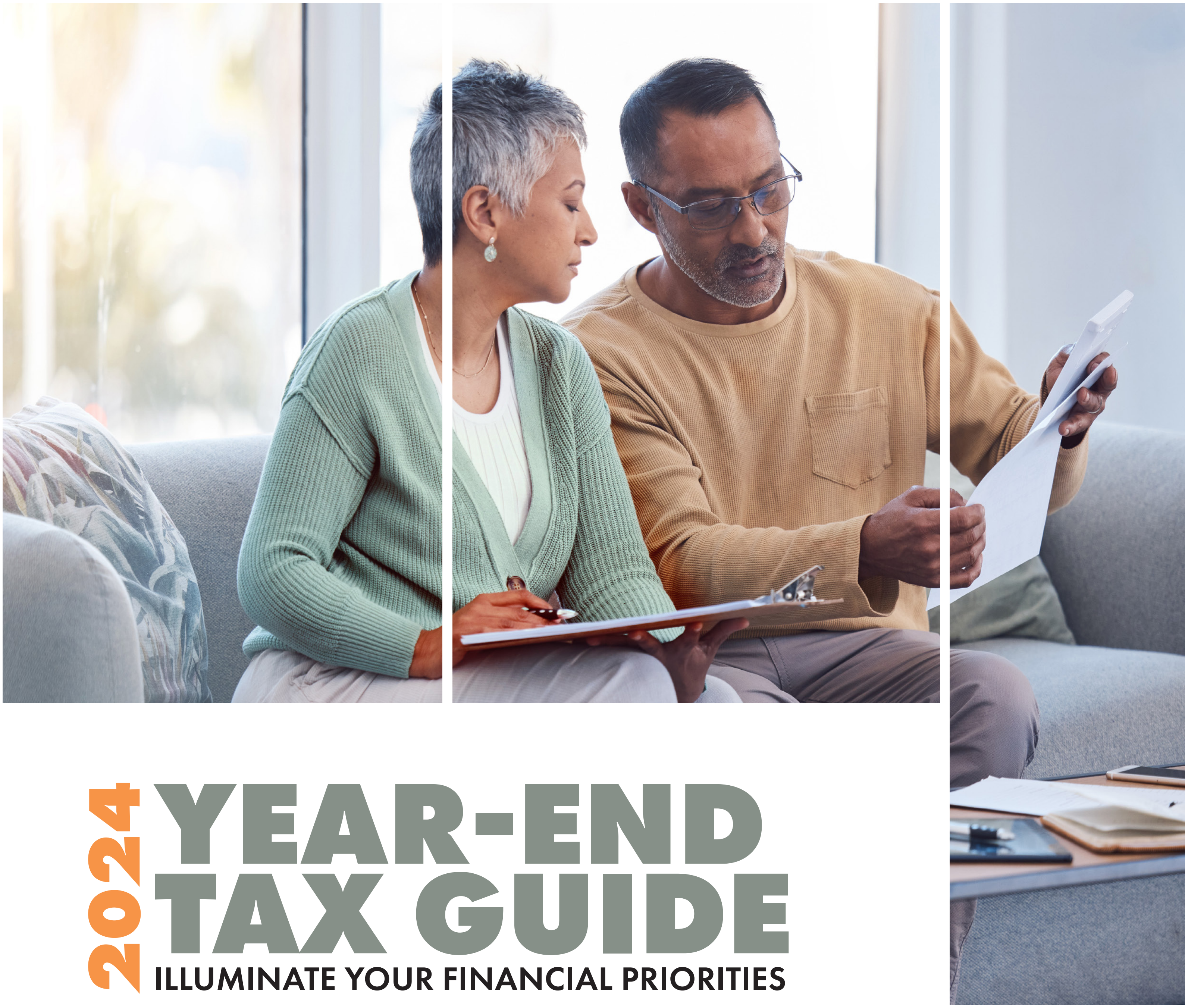


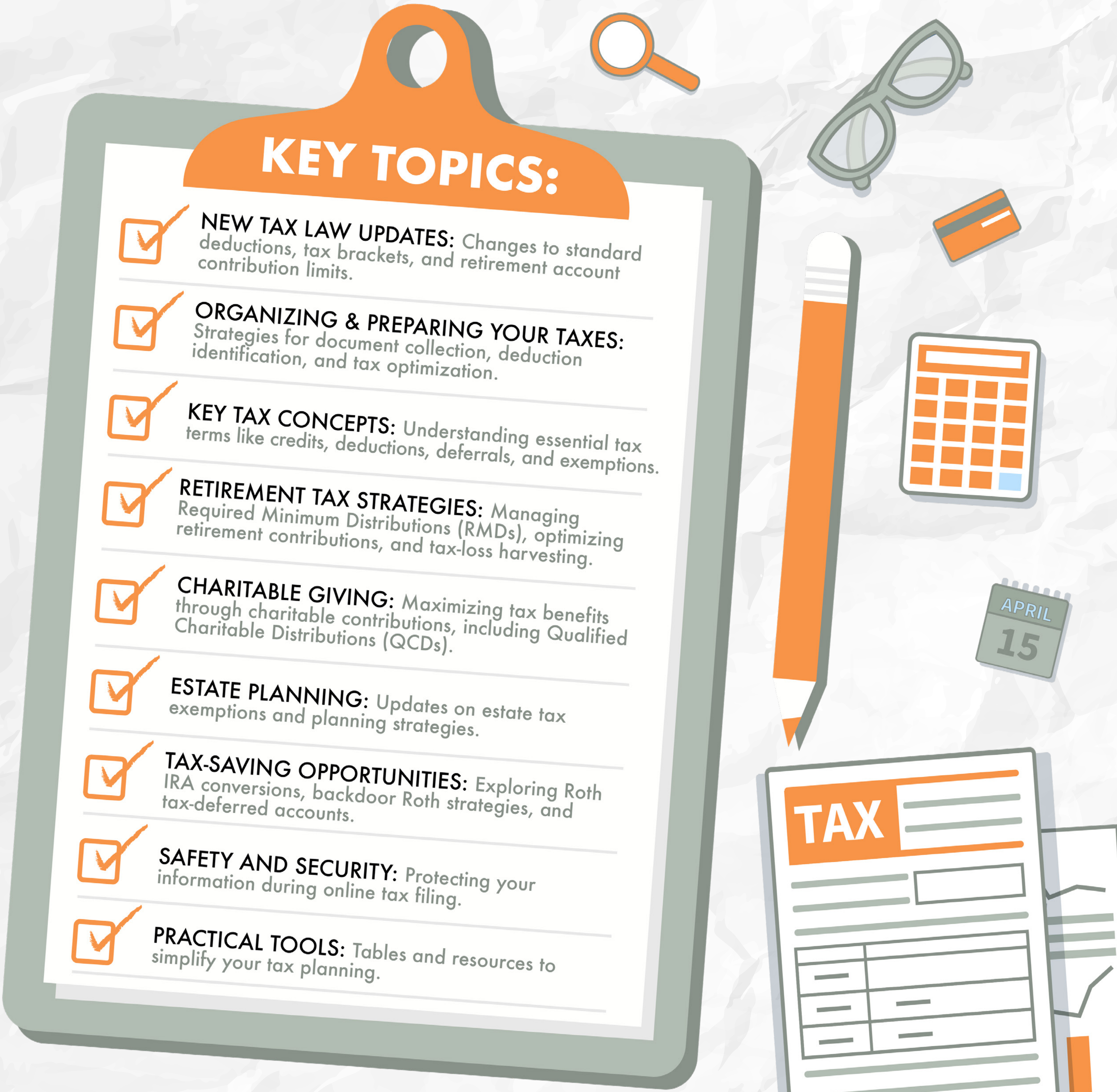
# 2024 YEAR-END TAX GUIDE

ILLUMINATE YOUR FINANCIAL PRIORITIES


WEALTH GUARDIANS

As you prepare for your 2024 taxes, staying informed about the latest tax law changes and IRS updates is crucial. Whether you've retired, experienced investment fluctuations, developed an estate plan, or adjusted your deduction strategy, various factors can influence your tax liability.

**This guide is designed to help you navigate these complexities and make informed decisions to optimize your tax outcomes.**



# NEW TAX LAW UPDATES

## STANDARD DEDUCTION AND TAX BRACKETS

For 2024, the standard deduction amounts have increased, and the income ranges for each tax bracket have been adjusted for inflation. These changes are crucial as they directly impact your taxable income and overall tax liability.

### 2024 STANDARD DEDUCTION TABLE

| FILING STATUS | STANDARD DEDUCTION (2023) | STANDARD DEDUCTION (2024) |
|---|---|---|
| MARRIED FILING JOINTLY | $27,700 | $29,200 |
| SINGLE OR MARRIED FILING SEPARATELY | $13,850 | $14,600 |
| HEAD OF HOUSEHOLD | $20,800 | $21,900 |

### 2024 TAX BRACKETS[1]

The following table outlines the updated tax brackets for 2024:

| MARGINAL TAX RATE | SINGLE FILERS | MARRIED FILING JOINTLY | HEAD OF HOUSEHOLD |
|---|---|---|---|
| 10% | $0 - $11,600 | $0 - $23,200 | $0 - $16,550 |
| 12% | $11,601 - $47,150 | $23,201 - $94,300 | $16,551 - $63,100 |
| 22% | $47,151 - $100,525 | $94,301 - $201,050 | $63,101 - $100,500 |
| 24% | $100,526 - $191,950 | $201,051 - $383,900 | $100,501 - $191,950 |
| 32% | $191,951 - $243,725 | $383,901 - $487,450 | $191,951 - $243,700 |
| 35% | $243,726 - $609,350 | $487,451 - $731,200 | $243,701 - $609,350 |
| 37% | $609,351 or more | $731,201 or more | $609,351 or more |

*Hot Tips: Review whether itemizing deductions could provide more tax savings than taking the standard deduction, especially if you have significant medical expenses or charitable contributions.*

### 2024 CONTRIBUTION LIMITS FOR RETIREMENT ACCOUNTS[2]

Retirement account contribution limits have increased for 2024, providing more opportunities for tax-advantaged savings:

| ACCOUNT TYPE | 2023 CONTRIBUTION LIMIT | 2024 CONTRIBUTION LIMIT | 2024 CATCH-UP CONTRIBUTION (AGE 50+) |
|---|---|---|---|
| 401(k)[3] | $22,500 | $23,000 | $7,500 |
| ROTH IRA/ TRADITIONAL IRA | $6,500 | $7,000 | $1,000 |
| HEALTH SAVINGS ACCOUNT (HSA)[4] | $3,850 (self)<br>$7,750 (family) | $4,150 (self)<br>$8,300 (family) | $1,000<br>(for those 55 and older) |

*Hot Tip: Maximize your retirement contributions early in the year to fully benefit from tax-deferred growth.*

# ORGANIZING AND PREPARING YOUR 2024 TAXES

## DOCUMENT COLLECTION AND ORGANIZATION

Start gathering your tax documents early, including W-2s, 1099s, and receipts for deductible expenses like home improvements, charitable contributions, and business expenses. Keeping these documents organized can simplify your tax preparation process.

*Hot Tip: Create a digital folder on your computer or cloud storage to store all your tax documents as you receive them throughout the year.*

## KEY TAX CONCEPTS TO KNOW

Understanding fundamental tax terms is essential for effective tax planning. Here are some key terms to keep in mind:

- **Tax Credits:** This strategy may be beneficial if you anticipate being in a higher tax bracket during retirement.
- **Tax Deductions:** By reducing your taxable income, you may potentially lower your tax bill.
- **Tax Deferrals:** Taking deferrals allows you to postpone paying taxes on certain income until a future year.
- **Tax Exemptions:** Qualified income or transactions that aren't subject to taxation, such as qualified charitable contributions or Roth IRA withdrawals.

*Hot Tip: Keep a glossary of these terms handy as you prepare your taxes to ensure you understand how each one impacts your tax return.*

# RETIREMENT TAX STRATEGIES

### MANAGING REQUIRED MINIMUM DISTRIBUTIONS

For 2024, significant changes have been made to RMD rules:

- **RMD Age Changes:** Under the SECURE 2.0 Act, the RMD age has increased to 73 for individuals who turned 72 in 2023, and it will increase further to 75 by 2033. This change allows more time for your retirement savings to grow tax-deferred[5].
- **RMD Elimination for Roth 401(k)s:** As of 2024, Roth 401(k)s are no longer subject to RMDs, aligning them with Roth IRAs. This means you can allow your Roth 401(k) funds to grow tax-free without being required to take withdrawals during your lifetime[6].

| AGE | DISTRIBUTION PERIOD (YEARS) | AGE | DISTRIBUTION PERIOD (YEARS) |
|---|---|---|---|
| **73** | 26.5 | **86** | 15.2 |
| **74** | 25.5 | **87** | 14.4 |
| **75** | 24.6 | **88** | 12.7 |
| **76** | 23.7 | **89** | 12.9 |
| **77** | 22.9 | **90** | 12.5 |
| **78** | 22.0 | **91** | 11.5 |
| **79** | 21.1 | **92** | 10.8 |
| **80** | 20.2 | **93** | 10.1 |
| **81** | 19.4 | **94** | 9.5 |
| **82** | 18.5 | **95** | 8.9 |
| **83** | 17.7 | **96** | 8.4 |
| **84** | 16.8 | **97** | 7.8 |
| **85** | 16.0 | **98** | 7.3 |

Source 7: Publication 590-B (2023), distributions from individual retirement arrangements (IRAS). Internal Revenue Service. (n.d.). https://www.irs.gov/publications/p590b#en_US_2023_publink100090310

***Hot Tip: Plan your RMDs carefully, especially if you have multiple retirement accounts. Consolidating accounts may simplify RMD calculations and help you avoid unnecessary taxes.***

### TAX-LOSS HARVESTING

Tax-loss harvesting involves selling investments at a loss to offset capital gains, reducing your overall tax liability. This strategy has shown potential effectiveness in volatile markets.

***Hot Tip: Consider consulting with a financial advisor to ensure that tax-loss harvesting aligns with your overall investment strategy and doesn't inadvertently increase your tax burden.***

### BACKDOOR ROTH IRA STRATEGY

The backdoor Roth IRA strategy can be a useful tool for individuals who have exceeded the Roth IRA contribution limits. This involves contributing to a Traditional IRA and then converting those funds to a Roth IRA.

- **How It Works:** First, contribute to a Traditional IRA. Then, convert the funds to a Roth IRA. You'll pay taxes on the converted amount, but future withdrawals will be tax-free.

***Hot Tip: Be aware of the "pro-rata rule," which requires you to consider all your IRA accounts when calculating taxes on the conversion. This can complicate the process and potentially increase your tax liability.***

# STRATEGIES FOR CHARITABLE GIVING

Charitable contributions not only support causes you care about but can also provide significant tax benefits.

### DONATE APPRECIATED ASSETS

Donating appreciated stocks or other assets can allow you to claim a tax deduction for the fair market value while avoiding capital gains taxes on the appreciation. This strategy may be beneficial for assets that have significantly increased in value, as it allows for a larger contribution without incurring capital gains tax.

***Hot Tip: When donating appreciated assets, be sure to hold the asset for more than one year to qualify for the fair market value deduction. If you've held the asset for less than a year, your deduction will be limited to your cost basis.***

### QUALIFIED CHARITABLE DISTRIBUTIONS[8]

If you are over 70½, you can make QCDs directly from your IRA to a qualified charity. This strategy may help you meet your RMD requirement without increasing your taxable income, which could be beneficial for those who do not need their RMDs for living expenses.

## QCD KEY FACTS[9]

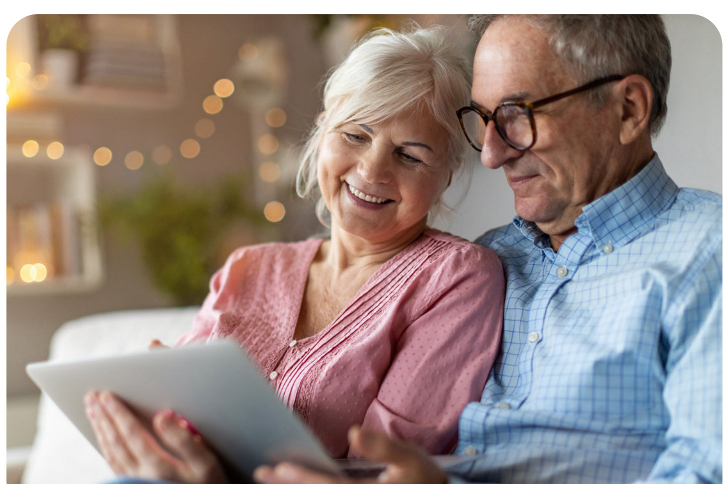
| FEATURE | DETAILS |
|---|---|
| AGE REQUIREMENT | 70½ years or older |
| MAXIMUM ANNUAL DISTRIBUTION | $105,000 per individual |
| TAX IMPACT | Excluded from taxable income, counts towards RMD |
| ELIGIBLE ACCOUNTS | Traditional IRAs (Roth IRAs generally not eligible due to no RMD) |

*Hot Tip: Make your QCD early in the year to ensure it counts toward your RMD. Be sure to communicate with your IRA custodian about the direct transfer to avoid any mistakes.*

### DESIGNATE A CHARITY AS A BENEFICIARY

You can name a charity as a beneficiary of your IRA, providing estate tax benefits while supporting your philanthropic goals. This strategy may potentially help in reducing estate taxes, as charitable bequests may not be subject to estate tax.

*Hot Tip: If your estate is close to the federal estate tax exemption limit, consider designating a charity as a beneficiary for part of your IRA to reduce the taxable estate.*



# TAX PLANNING FOR YOUR ESTATE


The unified credit amount for estates increases to $13.61 million in 2024, allowing larger tax-free transfers to heirs. This is a significant planning opportunity for high-net-worth individuals, but it's essential to stay updated, as these limits are set to expire in 2026 unless Congress enacts further legislation[10].

### ESTATE PLANNING TABLE

| TAX YEAR | INDIVIDUAL EXEMPTION | MARRIED COUPLES EXEMPTION | ESTATE TAX RATE |
|---|---|---|---|
| **2023** | $12.92 million | $25.84 million | 40% on amounts above exemption |
| **2024** | $13.61 million | $27.22 million | 40% on amounts above exemption |

*Hot Tip: Review your estate plan periodically to ensure it reflects the latest tax laws and your current financial situation. Consider gifting strategies or trusts to reduce estate taxes.*

# EMPLOYING TAX-SAVING OPPORTUNITIES

## CONSIDER A ROTH IRA CONVERSION

Converting a Traditional IRA to a Roth IRA can be advantageous if you expect your tax rate to be higher in the future. Although you will pay taxes on the conversion, future withdrawals will be tax-free. This strategy may be beneficial if you anticipate being in a higher tax bracket during retirement.

## ROTH IRA CONVERSION KEY POINTS[11]

| FACTOR | CONSIDERATION |
|---|---|
| **TAX IMPLICATIONS** | You will owe taxes on the amount converted. Consider spreading conversions over multiple years to avoid jumping into a higher tax bracket. |
| **FUTURE TAX BENEFITS** | Once converted, qualified withdrawals from the Roth IRA may be tax-free, subject to changes in tax laws and individual circumstances. |
| **TIMING** | Consider converting during years of lower income to potentially reduce the tax impact. |
| **INCOME LIMITS** | No income limits for conversions (unlike direct Roth IRA contributions). |

***Hot Tip: Consult with a financial advisor to create a multi-year Roth conversion strategy that aims to optimize your retirement income while considering potential tax implications.***

## USE TAX-DEFERRED ACCOUNTS WISELY

Maximize contributions to tax-deferred accounts like 401(k)s and Traditional IRAs. These accounts reduce your taxable income in the contribution year, and your investments grow tax-deferred until withdrawal. However, be mindful of RMDs, which will eventually require you to withdraw and pay taxes on these funds.

***Hot Tip: If you're nearing RMD age, consider planning withdrawals strategically to potentially reduce the tax impact. Consider converting portions of your 401(k) or IRA to a Roth IRA each year to reduce future RMDs.***

# SAFETY AND SECURITY IN TAX FILING

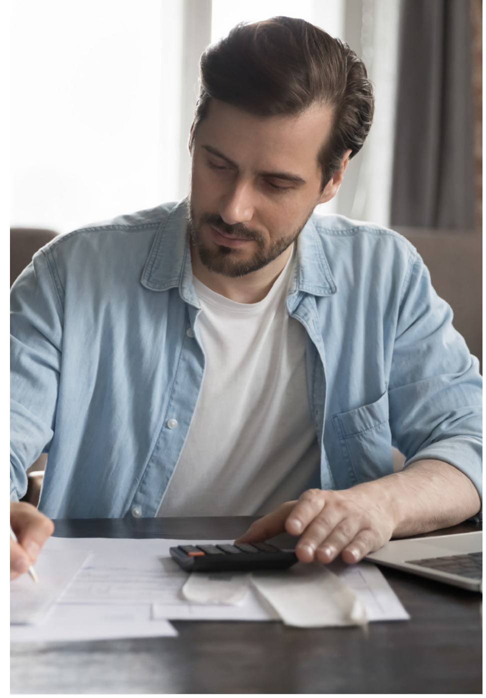
With the rise of online tax filing, cybersecurity threats are more prevalent than ever. Protect your personal information by using secure browsers, avoiding public Wi-Fi when accessing tax accounts, and being cautious of phishing scams.

### CYBERSECURITY TIPS[12]

- **Use Secure Browsers:** Ensure your browser is up-to-date and uses HTTPS when filing taxes online.
- **Avoid Public Wi-Fi:** Don't access tax-related accounts on public Wi-Fi networks - this can prevent potential hacking risks.
- **Enable Two-Factor Authentication:** Add an extra layer of security by enabling two-factor authentication on your tax filing accounts.
- **Be Wary of Phishing Scams:** Do not click on suspicious links in emails or texts, and verify the sender before responding to tax-related communications.

***Hot Tip: Regularly update your passwords and consider using a password manager to keep your tax-related accounts secure.***

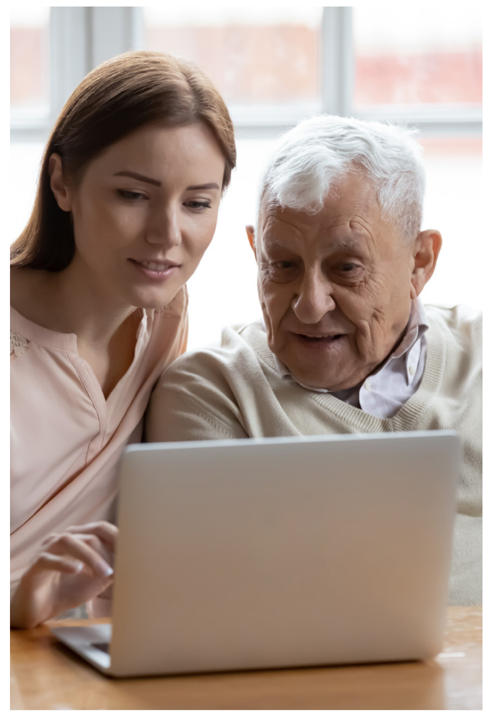
# CONCLUSION



Taking control of your tax planning is essential for managing your overall financial health. By staying informed about tax law changes and implementing strategic tax planning, you can better prepare for both year-end taxes and the April 2025 tax deadline. Consulting with a financial professional can provide insights that may help you align your tax strategy with your broader financial goals. Your unique financial situation will determine which investments and tax strategies meet your specific retirement planning goals. Working with an experienced financial professional and your tax advisor can help you know what's right for you.

At The Wealth Guardians, we're here to help you navigate the complexities of tax planning and integrate tax-efficient strategies into your overall financial plan.

**Contact us today** at **336.391.3409** for more information on how we can help you minimize taxes in retirement.



## OTHER HELPFUL TOOLS

IRS Withholding Calculator: IRS Withholding Calculator

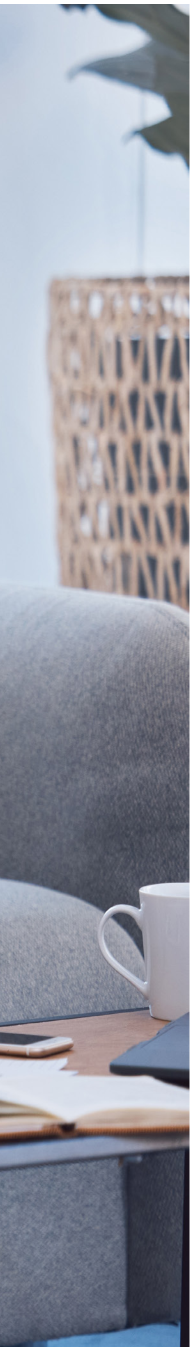
https://www.irs.gov/individuals/tax-withholding-estimator

2024 Federal Tax Rates, Personal Exemptions, and Standard Deductions: IRS 2024 Tax Information

https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2024

Estate and Gift Tax FAQs: IRS Estate and Gift Tax FAQs

https://www.irs.gov/newsroom/estate-and-gift-tax-faqs



**WWW.THEWEALTHGUARDIANS.COM**

336.391.3409

info@thewealthguardians.com

3554 Clemmons Rd.
Suite 001
Clemmons, NC 27012

*Investment Advisory Services offered through Alphastar Capital Management, LLC, a SEC registered Investment Adviser. SEC registration does not constitute an endorsement of the firm by the Commission, nor does it indicate that the adviser has attained a particular level of skill or ability. The Wealth Guardians and Alphastar Capital Management, LLC are separate and independent entities.*

**SOURCES:**


1. https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2024

2. https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits

3. https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits

4. https://www.irs.gov/publications/p969#en_US_2023_publink1000204046

5. https://www.congress.gov/bill/117th-congress/house-bill/2954

6. https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds

7. https://www.irs.gov/publications/p590b#en_US_2023_publink100090310

8. https://www.irs.gov/newsroom/401k-limit-increases-to-23000-for-2024-ira-limit-rises-to-7000

9. https://www.irs.gov/publications/p590b

10. https://www.irs.gov/newsroom/estate-and-gift-tax-faqs

11. https://www.irs.gov/retirement-plans/roth-iras

12. https://www.irs.gov/newsroom/taxpayer-guide-to-identity-theft