

ADVISOR'S BULLETIN

WHAT'S IN THIS MONTH'S NEWSLETTER

Key 2024 Pension, Employee Benefit, and Tax Numbers

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A MESSAGE FROM MICHAEL W. LAGOS, CFP®

Dear Strategic Advisor:

The numbers presented in this issue of the Advisor's Bulletin are current at the time of its publication.

Many of the annual adjustments to the numbers on these charts are based on the federal cost-of-living index. Because the federal cost-of-living index for the quarter ended September 30, 2023, is much higher than the cost-of-living index for the quarters ended September 30 for the preceding year, some of the limits for 2024 are significantly higher than those for 2023.

Although many proposals to change federal income, estate, and gift tax rules were floated during 2023, to date no substantial new tax legislation has been scheduled to become effective in 2024.

Unless otherwise indicated, all section references are to the Internal Revenue Code.

Please feel free to contact me to discuss further.

Regards,
Michael W. Lagos, CFP®

The Advisor's Bulletin is provided by LAGOS WEALTH ADVISORS AND LAGOS FINANCIAL & INSURANCE SERVICES, INC. It is intended to serve as a resource for the advisors which we are associated with.

Recent developments in estate, business, and insurance planning are outlined for your reference. Should you wish to receive additional information related to financial planning, estate planning, insurance planning, or investment management, please do

Key 2024 Pension, Employee Benefit, and Tax Numbers

PENSION BENEFIT GUARANTY CORPORATION

	2023	2024
Maximum Monthly Guaranteed Benefit	\$6,750	\$7,107.95
Flat Premium Rate	\$96	\$101

The maximum monthly benefit above reflects a single, straight life at age 65 payout.

IMPORTANT COLAs and SCHEDULED INCREASES

	2022	2023	2024
Limit for Defined Benefit Plans Sec. 415(b)(1)(A). Maximum yearly benefit allowed is the lesser of 100% of the average highest 3 years' compensation or the indicated figure. Reductions apply for plans with pre-65 normal retirement ages and for participants with less than 10 years of service.	\$245,000	\$265,000	\$275,000 (Indexed in \$5,000 Increments)
Limit for Defined Contribution Plans Sec. 415(c)(1)(A). Maximum annual addition is lesser of these numbers.	\$61,000 or 100% of Compensation	\$66,000 or 100% of Compensation	\$69,000 or 100% of Compensation (Indexed in \$1,000 Increments)

IMPORTANT COLAs and SCHEDULED INCREASES

	2022	2023	2024
Definition of Key Employee in Top-Heavy Plan Sec. 416(i)(1)(A)(i). A key employee is one who, during the prior year, was either (a) an officer with compensation in excess of the listed figure, (b) a 5% owner, or (c) a 1% owner with compensation over \$150,000. Family attribution rules apply in determining if a person is a 5% owner.	\$200,000	\$215,000	\$220,000 (Indexed in \$5,000 Increments)
Annual Limit on Includible Compensation Secs. 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii). This is the maximum amount of compensation that can be taken into account when determining an individual contribution to or benefit under a qualified retirement plan.	\$305,000	\$330,000	\$345,000 (Indexed in \$5,000 Increments)
Highly Compensated Employee Sec. 414(q)(1)(B). A highly compensated employee is one who, during the prior year, was either (a) a 5% owner or (b) had compensation above the <i>listed figure</i> . The dollar limitation under Sec. 416(i)(1)(A)(i) concerning definition of <i>key employee</i> in top-heavy plan for 2024 is \$220,000 .	\$135,000	\$150,000	\$155,000 (Indexed in \$5,000 Increments)
Exclusion for Elective Deferrals for a 401(k), 403(b), SARSEP, or Thrift Savings Plan Sec. 402(g). The indicated figure is the maximum salary reduction a participant can make.	\$20,500	\$22,500	\$23,000 (Indexed in \$500 Increments)
Age Based Catch-up for a 401(k), 403(b), SARSEP, or Thrift Savings Plan under Sec. 414(v)(2)(B)(i) for plan participants age 50 or over.	\$6,500	\$7,500	\$7,500

IMPORTANT COLAs and SCHEDULED INCREASES

	2022	2023	2024
Maximum Elective Deferrals for a SIMPLE Plan Sec. 408(p)(2)(E). This is the maximum salary reduction a participant can take under a SIMPLE IRA or SIMPLE 401(k).	\$14,000	\$15,500	\$16,000 (Indexed in \$500 Increments)
Maximum 457 Salary Reduction Sec. 457(e)(15). Maximum deferral to nonqualified plans of state and local government and tax-exempt orgs.	\$20,500	\$22,500	\$23,000 (Indexed in \$500 Increments)
Part-time Employee Floor for a SEP Sec. 408(k)(2)(C). Employees who earn over the indicated limits must be included in a SEP if they are otherwise eligible.	\$650	\$750	\$750 (Indexed in \$50 Increments)
ESOP Maximum Amount Sec. 409(o)(1)(C)(ii). Determining lengthening of 5-year distribution period.	\$245,000/ \$1,230,000	\$265,000/ \$1,330,000	\$275,000/ \$1,380,000 (Indexed in \$5,000 Increments)
Deductible, Nondeductible, and Roth IRA Contribution Limits Sec. 219(b)(1)(A). This is the limit on how much can be contributed to an IRA.	\$6,000	\$6,500	\$7,000 (Indexed in \$500 Increments)
IRA Catch-up Provision for Individuals 50 or Older by Year-End Sec. 219(a)(5)(B). This is the amount that can be contributed for those 50 and older by year-end. The catch-up is \$1,000 in 2024 . The listed number is the total amount that can be contributed.	\$7,000	\$7,500	\$8,000 (Indexed in \$500 Increments)

2024 IRA PHASEOUT LIMITS
FOR ACTIVE PARTICIPANTS IN A QUALIFIED PLAN
Modified Adjusted Gross Income (MAGI)

<i>Filing Status</i>	<i>Phaseout of Deduction</i>	2022	2022	2024
Married filing jointly	Begins	\$109,000	\$116,000	\$123,000
	Ends (i.e., no deduction)	\$129,000	\$136,000	\$143,000
Single and HOH	Begins	\$68,000	\$73,000	\$77,000
	Ends	\$78,000	\$83,000	\$87,000
Married filing separately	Begins	\$0	\$0	\$0
	Ends	\$10,000	\$10,000	\$10,000
Nonparticipant spouse	Begins	\$204,000	\$218,000	\$230,000
	Ends	\$214,000	\$228,000	\$240,000

What this means: If a single-filing taxpayer participates in a qualified plan at work and earns less than \$77,000 in 2024, he may use the full \$7,000 IRA deduction. Once he earns more than \$77,000, his deduction is phased out until he reaches \$87,000, at which point he would no longer be entitled to an IRA deduction.

2024 ROTH IRA PHASEOUT LIMITS
Modified Adjusted Gross Income (MAGI)

<i>Filing Status</i>	<i>Phaseout of Contribution</i>	2022	2023	2024
Married filing jointly	Begins	\$204,000	\$218,000	\$230,000
	Ends (i.e., no contribution)	\$214,000	\$228,000	\$240,000
Single and HOH	Begins	\$129,000	\$138,000	\$146,000
	Ends	\$144,000	\$153,000	\$161,000
Married filing separately	Begins	\$0	\$0	\$0
	Ends	\$10,000	\$10,000	\$10,000

What this means: If a single-filing taxpayer has MAGI of less than \$146,000 in 2024, he may still contribute to a Roth IRA. Once MAGI is more than \$146,000, the amount he may contribute decreases until his income reaches \$161,000, at which point he would no longer be entitled to make a contribution.

Qualified Longevity Annuity Contract

SECURE Act 2.0, enacted in December 2022, made some major changes to QLAC rules. In 2022 QLAC contributions were limited to the lesser of \$145,000 or 25 percent of the account balance. SECURE Act 2.0 removes the 25 percent limitation. In 2024 QLAC contributions will be limited to \$200,000.

2024 SOCIAL SECURITY TAX RATES

	2022	2023	2024
Social Security Tax Rate These are the percentages the employer and employee are each taxed for Social Security purposes.	7.65% for employees 7.65% for employers	7.65% for employees 7.65% for employers	7.65% for employees 7.65% for employers
Social Security Tax Rate (Self-Employed) This is the percentage at which a self-employed individual is taxed for Social Security purposes. 12.4% is for Social Security while 2.9% is for Medicare.	15.3%	15.3%	15.3%
Taxable Wage Base (Contribution and Benefit) This “earned-income ceiling” is the maximum amount of covered earnings on which Social Security OASDI taxes are paid.	\$147,000	\$160,200	\$168,600
Medicare Special Wage Base This is the maximum amount of covered earnings on which Social Security hospital insurance taxes are paid.	No Limit	No Limit	No Limit

Note: The 7.65 percent employee rate is imposed on the taxable wage base of \$168,600 in 2024. Earnings in excess of the FICA wage base are assessed on only the Medicare portion of FICA. **In 2024, the employee and employer portions of the Medicare assessment are both 1.45 percent. For self-employed taxpayers, the combined tax is 2.9 percent.**

High earners pay an additional 0.9 percent of Medicare tax on earnings in excess of the following thresholds:

	Threshold Amount
Married Filing Jointly	\$250,000
Married Filing Separately	\$125,000
Other Taxpayers	\$200,000

The 0.9 percent additional tax **applies only to the employee contribution to Medicare. For self-employed taxpayers over the threshold, the combined Medicare tax in 2024 is 3.8 percent**

2024 MEDICARE PREMIUMS

	2022	2023	2024
Medicare Part B			
Monthly Premium	\$170.10	\$164.90	\$174.70
Deductible	\$233	\$226	\$240
Medicare Part A			
Monthly Premium	\$499	\$506	\$505
Deductible	\$1,556	\$1,600	\$1,632

Medicare Part B

Medicare Part B enrollees with higher incomes also pay higher Part B premiums based on their incomes. The income-related Part B premiums for 2024 increased to **\$244.60, \$349.40, \$454.20, \$559.00, or \$594.00** depending on the extent to which an individual beneficiary's income exceeds \$103,000 (or a married couple's income exceeds \$206,000).

The highest premium rates are only paid by the less than 1 percent of beneficiaries whose incomes are over \$500,000 (or \$750,000 for a married couple). A beneficiary who pays the highest income-related premium in **2024** would pay **\$7,128** per year in Part B premiums.

Medicare Part A

Medicare Part A is paid only by individuals who are not otherwise eligible for premium-free hospital insurance and have fewer than 40 quarters of Medicare-covered employment.

The Part A deductible is the beneficiary's only cost for up to 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay an additional **\$408** per day for days 61 through 90 in **2024**, and **\$816** per day for hospital stays beyond the ninetieth day for lifetime reserve days. The daily coinsurance for the twenty-first through one hundredth day in a skilled nursing facility will be **\$204** in **2024**.

2024 SOCIAL SECURITY QUALIFICATION

	2022	2023	2024
Social Security Quarterly Earnings (minimum of 40 quarters required)	\$1,510	\$1,640	\$1,730

2024 SOCIAL SECURITY BENEFITS

Maximum Monthly Benefit (at full retirement age)	\$3,822 per Month (Age 66)
Retirement Earnings Test Exempt Amount (under FRA) One dollar in benefits will be withheld for every two dollars in earnings above the limit prior to reaching FRA.	\$22,320 per Year (\$1,860 per Month)
Retirement Earnings Test Exempt Amount for Months Prior to FRA One dollar in benefits will be withheld for every three dollars in earnings above the limit, but only for earnings before the month the taxpayer reaches FRA. There is no annual earnings limit for those who continue to work after reaching their FRA.	\$59,520 per Year (\$4,960 per Month)
Substantial Gainful Activity Threshold Limits	
Nonblind	\$1,550 per Month
Blind	\$2,590 per Month
SSI Federal Payment Amounts	
Individuals	\$943 per Month
Couples	\$1,415 per Month
SSI Resources Limits	
Individual	\$2,000
Couple	\$3,000
SSI Student Exclusion	
Monthly	\$2,290
Annually	\$9,230
Trial Work Period (TWP)	\$1,110 per Month

Full Retirement Age (FRA): For retirees born between 1943 and 1954, FRA is 66. For those born after 1954 but before 1960, FRA gradually increases to age 67. For those born in 1960 and later, FRA is 67.

Substantial Gainful Activity: To be eligible for disability benefits, a person must be unable to engage in substantial gainful activity, meaning he may not earn more than a certain monthly amount.

2024 INCOME TAX RATE SCHEDULES

BUSINESS INCOME TAX RATES

C CORPORATION INCOME TAX RATES

Entity	Tax
Corporations	21% Flat Rate

Note: Qualified Personal Services Corporations also pay the flat rate of 21 percent on all taxable income.

PASS-THROUGH BUSINESSES

The Tax Cut and Jobs Act creates a 20 percent business income deduction for businesses taxed as pass-through entities, including S corporations, partnerships, and proprietorships, if certain conditions are met. The full deduction is available for all pass-through businesses where taxable income is less than \$191,950 for a single taxpayer or \$383,900 for taxpayers filing joint returns.

The deduction may be limited or eliminated where taxable income is above the thresholds, depending on type of business, owner's compensation, and depreciable business property.

	Business Is Not a Specified Service	Business Is a Specified Service
Taxable income less than or equal to \$191,950 (single) or \$383,900 (joint)	W-2 wage/basis limitations do not apply. Eligible for 20% deduction.	W-2 wage/basis limitations do not apply. Eligible for 20% deduction.
Taxable income greater than \$191,950 (single) or \$383,900 (joint) but less than \$241,950 (single) or \$483,900 (joint)	W-2 wage/basis limitations are phased in over the \$50,000/\$100,000 range.	Applicable percentage of specified service income is eligible, and W-2 wage/basis limitations are phased in over the \$50,000/\$100,000 range.
Taxable income greater than \$241,950 (single) or \$483,900 (joint)	W-2 wage/basis limitations apply in full.	Specified service income not eligible.

ESTATES AND TRUSTS

Taxable Income	Tax
Not over \$3,100	10% of the taxable income
Over \$3,100 but not over \$11,150	\$310 plus 24% of the excess over \$3,100
Over \$11,150 but not over \$15,200	\$2,242 plus 35% of the excess over \$11,150
Over \$15,200	\$3,659.50 plus 37% of the excess over \$15,200

2024 PERSONAL INCOME TAX RATE SCHEDULES
MARRIED INDIVIDUALS FILING JOINT RETURNS
AND SURVIVING SPOUSES

Taxable Income	Tax
Not over \$23,200	10% of the taxable income
Over \$23,200 but not over \$94,300	\$2,320 plus 12% of the excess over \$23,200
Over \$94,300 but not over \$201,050	\$10,852 plus 22% of the excess over \$94,300
Over \$201,050 but not over \$383,900	\$34,337 plus 24% of the excess over \$201,050
Over \$383,900 but not over \$487,450	\$78,221 plus 32% of the excess over \$383,900
Over \$487,450 but not over \$731,200	\$111,357 plus 35% of the excess over \$487,450
Over \$731,200	\$196,669.50 plus 37% of the excess over \$731,200

HEADS OF HOUSEHOLDS

Taxable Income	Tax
Not over \$16,550	10% of the taxable income
Over \$16,550 but not over \$63,100	\$1,655 plus 12% of the excess over \$16,550
Over \$63,100 but not over \$100,500	\$7,241 plus 22% of the excess over \$63,100
Over \$100,500 but not over \$191,950	\$15,469 plus 24% of the excess over \$100,500
Over \$191,950 but not over \$243,700	\$37,417 plus 32% of the excess over \$191,150
Over \$243,700 but not over \$609,350	\$53,977 plus 35% of the excess over \$243,700
Over \$609,350	\$181,954.50 plus 37% of the excess over \$609,350

UNMARRIED INDIVIDUALS
(OTHER THAN SURVIVING SPOUSE AND HEADS OF HOUSEHOLDS)

Taxable Income	Tax
Not over \$11,600	10% of the taxable income
Over \$11,600 but not over \$47,150	\$1,160 plus 12% of the excess over \$11,600
Over \$47,150 but not over \$100,525	\$5,426 plus 22% of the excess over \$47,150
Over \$100,525 but not over \$191,950	\$17,168.50 plus 24% of the excess over \$100,525
Over \$191,950 but not over \$243,725	\$39,110.50 plus 32% of the excess over \$191,950
Over \$243,725 but not over \$609,350	\$55,678.50 plus 35% of the excess over \$243,725
Over \$609,350	\$183,647.25 plus 37% of the excess over \$609,350

MARRIED INDIVIDUALS FILING SEPARATE RETURNS

Taxable Income	Tax
Not over \$11,600	10% of the taxable income
Over \$11,600 but not over \$47,150	\$1,160 plus 12% of the excess over \$11,600
Over \$47,150 but not over \$100,525	\$5,426 plus 22% of the excess over \$47,150
Over \$100,525 but not over \$191,950	\$17,168.50 plus 24% of the excess over \$100,525
Over \$191,950 but not over \$243,725	\$39,110.50 plus 32% of the excess over \$191,150
Over \$243,725 but not over \$365,600	\$55,678.50 plus 35% of the excess over \$243,725
Over \$365,600	\$98,334.75 plus 37% of the excess over \$365,600

2024 QUALIFIED DIVIDEND AND CAPITAL GAINS TAX RATES

Long-term Capital Gains and Qualified Dividend Rates	2024
Taxable income below \$47,025 for single filers and married filing separate, joint filers below \$63,000, head of household filers below \$94,050, and estates below \$3,150	0%
Taxable income between \$47,025 and \$518,900 for single filers, between \$47,025 and \$291,850 for married filing separate, between \$94,050 and \$583,750 for joint filers, between \$63,000 and \$551,350 for head of household filers and between \$3,150 and \$15,450 for estates	15%
Taxable income at or above \$518,900 for single filers, at or above \$291,850 for married filing separate, at or above \$583,750 for joint filers, at or above \$551,350 for head of household filers, and at or above \$15,450 for estates	20%

Note: Because of the 3.8 percent Medicare surtax (discussed immediately following), the effective capital gains rates for taxpayers can reach up to 23.8 percent for taxpayers in the 37 percent income tax bracket, and 18.8 percent for certain taxpayers in lower brackets.

2024 MEDICARE SURTAX

Note: A 3.8 percent surtax applies to the lesser of net investment income or modified adjusted gross income in excess of the following threshold amounts (dependent on filing status).

Filing Status	2023	2024
Married individuals filing jointly	\$250,000	\$250,000
Married filing separately	\$125,000	\$125,000
Individual taxpayers	\$200,000	\$200,000

2024 KIDDIE TAX

Note: The Tax Cuts and Jobs Act of 2017 changed the “kiddie tax.” Prior to the TCJA the kiddie tax brought a portion of a child’s unearned income into their parents’ respective tax brackets. The TCJA re-vamped the “kiddie tax” rules by subjecting a portion of the child’s unearned income to the trust tax brackets. The SECURE Act repealed the TCJA rules and restored the tax at the parent’s rates.

Net Unearned Income	2023	2024
Net unearned income subject to the kiddie tax equals unearned income minus the greater of <i>this amount</i> , or	\$2,500	\$2,600
The child’s itemized deductions (if applicable) plus <i>this amount</i> .	\$1,250	\$1,300
Eligibility for Parental Election		
For parents to elect to include the child’s income on their return, the child’s gross income from interest and dividends must exceed <i>this amount</i> and	\$1,250	\$1,300
Be less than <i>this amount</i> .	\$12,500	\$13,000
Impact of Parental Election		
Parents who elect to include the child’s income on their return must include in their gross income the child’s gross income minus <i>this amount</i> and	\$2,500	\$2,600
Must add to their tax the lesser of <i>this amount</i> or	\$125	\$130
10% of the excess of the child’s gross income over <i>this amount</i> .	\$1,250	\$1,300
Alternative Minimum Tax Exemption Amount		
The AMT exemption for a child subject to the kiddie tax is limited to the sum of the child’s earned income plus <i>this amount</i> .	\$8,800	\$9,250

Note: *Unearned income* generally means anything other than wages, salaries, professional fees, or any other amounts received as compensation for personal services actually rendered.

2024 STANDARD DEDUCTION

Basic Standard Deduction	2022	2024
Married individuals filing joint returns and surviving spouses	\$27,700	\$29,200
Heads of household	\$20,800	\$21,900
Unmarried individuals (other than surviving spouses and heads of households)	\$13,850	\$14,600
Married individuals filing separate returns	\$13,850	\$14,600
Additional standard deduction for the aged and the blind		
Unmarried and not surviving spouses	\$1,850	\$1,950
All others	\$1,500	\$1,550
Dependents: The standard deduction for a person claimed as a dependent by another is limited to greater of—		
(a) Earned income plus <i>this amount</i> or	\$400	\$450
(b) <i>This amount</i> .	\$1,250	\$1,300

2024 ITEMIZED MEDICAL DEDUCTION THRESHOLD

Note: For 2024, only medical expenses in excess of 7.5 percent of AGI for taxpayers of all ages are eligible for an itemized deduction.

2024 CHILD CREDIT AND ADOPTION

	2023	2024
Threshold amount: Used in computing the refundable portion of the child credit (this amount is subtracted from earned income; if there is an excess, a percentage of it is added to the overall credit limitation for purposes of computing a hypothetical credit which is used to compute the refundable portion of the child credit). Sec. 24(d)(1)(B)(i).	\$1,600	\$1,700
Adoption Credit (Sec. 23)		
Adoption credit for child with special needs	\$15,950	\$16,810
Adoption credit for qualified adoption expenses of other children	\$15,950	\$16,810
Phaseout of adoption credit begins with modified AGI of	\$239,230	\$252,150
Complete phaseout of adoption credit with modified AGI of	\$279,230	\$292,150
Exclusion from income in connection with employer-provided assistance in the adoption of child with special needs (Sec. 132)	\$15,950	\$16,810
Exclusion from income for qualified adoption expenses in connection with employer-provided assistance in the adoption of other children	\$15,950	\$16,810
Phaseout of exclusion begins with modified AGI of	\$239,230	\$252,150
Complete phaseout of exclusion with modified AGI of	\$279,230	\$292,150

2024 EARNED INCOME CREDIT

Earned Income Credit (Sec. 32)	2022	2023	2024
Credit denied if investment income exceeds	\$10,300	\$11,000	\$11,600
Taxpayers with Three or More Children			
Earned income amount	\$15,410	\$16,510	\$17,400
Maximum credit amount	\$6,935	\$7,430	\$7,830
Threshold phase-out amount: joint returns	\$26,260	\$28,120	\$29,640
Threshold phase-out amount: other returns	\$20,130	\$21,560	\$22,720
Completed phase-out amount: joint returns	\$59,187	\$63,398	\$66,819
Completed phase-out amount: other returns	\$53,057	\$56,838	\$59,899
Taxpayers with Two Children			
Earned income amount	\$15,410	\$16,510	\$17,400
Maximum credit amount	\$6,164	\$6,604	\$6,960
Threshold phase-out amount: joint returns	\$26,260	\$28,120	\$29,640
Threshold phase-out amount: other returns	\$20,130	\$21,560	\$22,720
Completed phase-out amount: joint returns	\$55,529	\$59,478	\$62,688
Completed phase-out amount: other returns	\$49,399	\$52,918	\$55,768
Taxpayers with One Child			
Earned income amount	\$10,980	\$11,750	\$12,390
Maximum credit amount	\$3,733	\$3,995	\$4,213
Threshold phase-out amount: joint returns	\$26,260	\$28,120	\$29,640
Threshold phase-out amount: other returns	\$20,130	\$21,560	\$22,720
Completed phase-out amount: joint returns	\$49,622	\$53,120	\$56,004
Completed phase-out amount: other returns	\$43,492	\$46,560	\$49,084
Taxpayers with No Children			
Earned income amount	\$7,320	\$7,840	\$8,260
Maximum credit amount	\$560	\$600	\$632
Threshold phase-out amount: joint returns	\$15,290	\$16,370	\$17,250
Threshold phase-out amount: other returns	\$9,160	\$9,800	\$10,330
Completed phase-out amount: joint returns	\$22,610	\$24,210	\$25,511
Completed phase-out amount: other returns	\$16,480	\$17,640	\$18,591

2024 SAVINGS BOND EXCLUSION

Limitation on exclusion of income from U.S. savings bonds for taxpayers who pay qualified higher education expenses (Sec. 135)	2023	2024
Married individuals filing joint returns and surviving spouses—threshold amount for beginning phaseout	\$137,800	\$145,200
Exemption fully phased out	\$167,800	\$175,200
All others—threshold amount for beginning phaseout	\$91,850	\$96,800
Exemption fully phased out	\$106,850	\$111,800

2024 EDUCATION CREDITS AND DEDUCTIONS

	2023	2024
Hope Scholarship credit is 100% for qualified expenses up to:	\$2,000	\$2,000
Hope credit is 25% for qualified expenses up to the next:	\$2,000	\$2,000
Phase-out Floor for Lifetime Learning Credits		
Joint returns	\$160,000	\$160,000
All other returns	\$80,000	\$80,000
Phase-out Floor for Hope Scholarship Credit		
Joint returns	\$160,000	\$160,000
All other returns	\$80,000	\$80,000
Maximum Interest Deduction for education loans (Sec. 221)		
<i>Married filing jointly</i>	\$2,500	\$2,500
Reduction begins when adjusted gross income exceeds	\$155,000	\$165,000
Complete elimination of deduction when AGI exceeds	\$185,000	\$195,000
<i>All other taxpayers</i>	\$2,500	\$2,500
Reduction begins when adjusted gross income exceeds	\$75,000	\$80,000
Complete elimination of deduction when AGI exceeds	\$90,000	\$95,000

2024 SECTION 179 EXPENSE LIMITS

	2022	2023	2024
Limitation on aggregate cost of Sec. 179 property that taxpayer may elect to expense	\$1,080,000	\$1,600,000	\$1,220,000
Reduction for Sec. 179 property in excess of this amount	\$2,700,000	\$2,890,000	\$3,050,000

2024 AUTOMOBILE MILEAGE RATES (CENTS PER MILE)

Purpose	2022	2023	2024
Standard business use rate	58.5	65.5	67
Charitable use rate	14	14	14
Medical use rate	18	22	21
Moving expense rate	18	22	21

2024 GIFT AND ESTATE PLANNING AMOUNTS

	2023	2024
Annual Gift Tax Exclusion (Sec. 2503)	\$17,000	\$18,000
Basic Exclusion Amount for Unified Credit (Sec. 2010)	\$12,920,000	\$13,610,000
Dollar Amount Used to Compute "2%" Portion of Estate Tax Payable in Installments Calculation (Sec. 6601(j))	\$1,750,000	\$1,850,000
Special Use Qualified Real Property Value Reduction Limit (Sec. 2032A)	\$1,310,000	\$1,390,000
Super Exclusion for Present Interest Gifts from Citizen to Noncitizen Spouses (Secs. 2503 & 2523(i)(2))	\$175,000	\$185,000
Notice of Large Gifts from Foreign Persons (Sec. 6039F) Gifts and bequests received from foreign persons exceeding this amount must be reported.	\$18,567	\$19,570

2024 TRANSPORTATION BENEFITS

Qualified Transportation	2023	2024
Monthly exclusion limit for the aggregate of commuter highway vehicle transportation and transit pass	\$300	\$315
Monthly exclusion limit for qualified parking	\$300	\$315
Passenger Air Transportation Excise Tax Sec. 4261(b). On amounts paid for each domestic segment of taxable transportation by air.	\$4.80	\$5.00
Passenger Air Transportation Excise Tax Sec. 4261(c). On amounts paid for international air transportation that begins or ends within the United States (other than Alaska or Hawaii).	\$21.10	\$22.20
Passenger Air Transportation Excise Tax Sec. 4261(c)(3). On domestic segments that begin or end in Alaska or Hawaii	\$10.60	\$11.10

2024 INSUBSTANTIAL BENEFITS—CHARITABLE CONTRIBUTIONS

	2023	2024
Unrelated Trade or Business Exception for Low-cost Articles	\$12.50	\$13.20
Donor benefit reporting not required if three conditions are met:		
(1) Gift to charity is worth at least	\$62.50	\$66.00
(2) Charity distributes free article not ordered by donor which costs charity no more than	\$12.50	\$13.20
(3) Benefit received by donor is no more than the lesser of 2% of donor's contribution, or this amount	\$125	\$132

Note: Rev. Proc. 90-12, 1990-1 CB 471 provides: "These guidelines describe a safe harbor; depending on the facts in each case, benefits received in connection with contributions may be 'insubstantial' even if they do not meet these guidelines."

Note: A donor must have a written receipt in hand to claim a charitable deduction of **\$250** or more. That receipt must be in the donor's possession *before* the due date for filing his/her income tax return (plus any extensions). If the gift to charity is over **\$75**, and the donor received or became entitled to a tangible benefit, the charity must inform the donor that the deduction is limited to the excess of any money and value of other property received over the value of the goods and services the charity provides. The charity must also provide a good faith estimate of the value of such goods and/or services.

2024 FOREIGN EARNED INCOME

	2023	2024
Limitation under Sec. 911(b)(2)(D)(i)	\$120,000	\$126,500

2024 LOBBYING

	2023	2024
Annual per person, family, or entity dues limitation to qualify for the reporting exception under Sec. 6033(e)(3) (and Sec. 5.05 of Rev. Proc. 98-19, 1998-1 C.B. 547) for certain exempt organizations with nondeductible lobbying expenses.	\$132	\$140

2024 MEDICAL SAVINGS ACCOUNTS

	2023	2024
Self-Only Coverage		
Annual deductible is not less than	\$2,650	\$2,800
Annual deductible is not more than	\$3,950	\$4,150
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	\$5,300	\$5,500
Family Coverage		
Annual deductible is not less than	\$5,300	\$5,550
Annual deductible is not more than	\$7,900	\$8,350
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	\$9,650	\$10,200

2024 HEALTH SAVINGS ACCOUNTS

	2023	2024
Individual Coverage		
Monthly contribution limitation is 1/12 of the lesser of the annual deductible or	\$3,850	\$4,150
High-deductible health plan deductible is not less than	\$1,500	\$1,600
High-deductible health plan limit on annual out-of-pocket expenses (other than premiums)	\$7,500	\$8,050
Family Coverage		
Monthly contribution limitation is 1/12 of the lesser of the annual deductible or	\$7,750	\$8,300
High-deductible health plan deductible is not less than	\$3,000	\$3,200
High-deductible health plan limit on annual out-of-pocket expenses (other than premiums)	\$15,000	\$16,100
Additional Contributions for Individuals Age 55 and Older	\$1,000	\$1,000

2024 PERSONAL PENALTY FOR FAILURE TO MAINTAIN HEALTH INSURANCE

The Affordable Care Act imposes a penalty on taxpayers that can afford health insurance but do not purchase it. The penalty is calculated as a percentage of income or on a per-person basis. Uninsured taxpayers are penalized whichever amount is higher. In 2024, the penalty is zero.

2024 LONG-TERM CARE INSURANCE

	2023	2024
Per-diem limitation for periodic payments received under qualified long-term care insurance contract or life insurance contract periodic payments treated as paid by reason of death of chronically ill individual under Sec. 7702B(d)(4).	\$420	\$410

Note: The per-diem limitation for periodic payments received under a qualified long-term care insurance or life insurance contract is the amount the insured may exclude from gross income. Sec. 7702B(d)(4); 101(a).

2024 DEDUCTIBLE LONG-TERM CARE PREMIUMS

Attained Age before the Close of the Taxable Year	2023	2024
40 or younger	\$480	\$470
Older than 40 but not older than 50	\$890	\$880
Older than 50 but not older than 60	\$1,790	\$1,760
Older than 60 but not older than 70	\$4,770	\$4,710
Older than 70	\$5,960	\$5,880

2024 EXPATRIATION

Note: A *covered expatriate* is subject to U.S. federal income tax on the net unrealized gain in his or her property as if the property had been sold for its fair market value on the day before the expatriation or termination of U.S. residency. Sec. 877A.

The expatriation tax applies if:	2023	2024
(1) The individual's average annual net income tax for the 5-year period preceding the citizenship loss exceeds this amount <i>or</i>	\$190,000	\$201,000
(2) The individual's net worth on the date of the citizenship loss equals or exceeds this amount	\$2,000,000	\$2,000,000
Income Reduction: A covered expatriate's gross income is reduced by <i>this amount</i> .	\$821,000	\$866,000



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Key 2024 Pension, Employee Benefit, And Tax Numbers

Building Protecting and Perpetuating Family Wealth

LWA strives to develop and maintain sound financial plans designed to achieve our client's wealth accumulation, preservation and transfer objectives, with the goal of preserving their wealth for multiple generations. We provide these services in a confidential and consultative manner, building life-long relationships based upon education, trust, communication and service.

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