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New for 2024: Retirement Limits, Tax Brackets and More

This article was provided by Ameriprise Financial, a longstanding leader in advice and financial planning.

Every year, federal agencies like the Internal Revenue Service and Social Security Administration assess the impact of inflation and the current environment on their areas of oversight. Often, this results in cost-of-living adjustments (COLA), which change many tax thresholds, retirement contribution limits and other tax-advantaged plans that are inflation-adjusted by law.

To help you plan for the new year, **here are key 2024 adjustments that could affect how you save, spend and invest.** As you review these new numbers, a financial advisor with S&T Financial Services, a financial advisory practice of Ameriprise Financial Services, LLC, is available to discuss your financial strategy and any potential adjustments to consider.

1. Tax adjustments
2. Retirement contribution limits
3. Income phase-out ranges for Roth and traditional IRAs
4. Health care account contribution limits
5. Qualified charitable distribution (QCD) amounts
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Tax Adjustments

To keep in line with inflation, the IRS has raised income thresholds for all tax brackets and increased the standard deduction.

Income tax brackets — for taxable income in 2024

Income thresholds for tax brackets will increase by approximately 5.4% for 2024. Taxable income is calculated by subtracting your deductions from your adjusted gross income.

Tax bracket	Single	Married filing jointly	Head of household	Married filing separately
10%	\$0 - \$11,600	\$0 - \$23,200	\$0 - \$16,550	\$0 - \$11,600
12%	\$11,600 - \$47,150	\$23,200 - \$94,300	\$16,550 - \$63,100	\$11,600 - \$47,150
22%	\$47,150 - \$100,525	\$94,300 - \$201,050	\$63,100 - \$100,500	\$47,150 - \$100,525
24%	\$100,525 - \$191,950	\$201,050 - \$383,900	\$100,500 - \$191,950	\$100,525 - \$191,950
32%	\$191,950 - \$243,725	\$383,900 - \$487,450	\$191,950 - \$243,700	\$191,950 - \$243,725
35%	\$243,725 - \$609,350	\$487,450 - \$731,200	\$243,700 - \$609,350	\$243,725 - \$365,600
37%	\$609,350+	\$731,200+	\$609,350+	\$365,600+

Note: The tax brackets above are for the 2024 tax year. They are not used to calculate 2023 taxes.

General standard deduction

Filing status	2023	2024
Single	\$13,850	\$14,600

Filing status	2023	2024
Married filing jointly	\$27,700	\$29,200
Head of household	\$20,800	\$21,900
Married filing separately	\$13,850	\$14,600

Additional standard deduction for those 65+ or blind

Filing status	2023	2024
Single / head of household	\$1,850	\$1,950
Married (joint, separate) or surviving household	\$1,500	\$1,550

Dependent standard deduction

	2023	2024
Dependent with investment income only	\$1,250	\$1,300
Dependent with earned income	\$1,250 - \$13,850	\$1,300 - \$14,600

Estate tax exclusion amounts

2023	2024
\$12.92 million	\$13.61 million

Gift tax – annual exclusion

2023	2024
\$17,000	\$18,000

Retirement contribution limits

401(k), 403(b), 457 plan, Thrift Savings Plan

	2023	2024
Elective deferral limit	\$22,500	\$23,000
Additional catch-up amount for employees 50+	\$7,500	\$7,500 (no change)

SIMPLE retirement plans

	2023	2024
Elective deferral limit	\$15,500	\$16,000
Additional catch-up amount for individuals 50+	\$3,500	\$3,500 (no change)

IRAs (traditional IRAs and Roth IRAs)

For 2024, the total contributions you can make to any IRA (traditional or Roth) can't be more than the following limits:

	2023	2024
Individuals	\$6,500	\$7,000
Additional catch-up amount for individuals 50+	\$1,000*	\$1,000*

*Not subject to an annual cost-of-living adjustment.

Income phase-out ranges for Roth and traditional IRAs

The following are the modified adjusted gross income (MAGI) phase-out ranges for Roth IRAs and traditional IRAs.

MAGI phase-out range — for making contributions to Roth IRAs

	2023	2024
Single/head of household	\$138,000 – \$153,000	\$146,000 – \$161,000
Married couple filing jointly	\$218,000 – \$228,000	\$230,000 – \$240,000
Married individual filing a separate return who makes contributions to a Roth IRA	\$0 - \$10,000*	\$0 - \$10,000*

*Not subject to an annual cost-of-living adjustment

MAGI phase-out range — for making deductible contributions to Traditional IRAs, if covered by a plan at work

	2023	2024
Single/head of household	\$73,000 – \$83,000	\$77,000 – \$87,000
Married couple filing jointly	\$116,000 – \$136,000	\$123,000 – \$143,000
Individual not covered by a workplace retirement plan but is married to someone who is covered	\$218,000 – \$228,000	\$230,000 – \$240,000
Married individual filing a separate return who is covered by a workplace retirement plan	\$0 - \$10,000*	\$0 - \$10,000*

*Not subject to an annual cost-of-living adjustment.

Health care account contribution limits

Health savings accounts (HSA)

	2023	2024
Individual	\$3,850	\$4,150
Family	\$7,750	\$8,300
Catch up (for those 55+)*	\$1,000*	\$1,000*

*Not subject to an annual cost-of-living adjustment.

Health care flexible spending accounts (FSA)

	2023	2024
Maximum	\$3,050	\$3,200
Carryover maximum	\$610	\$640

Qualified charitable distribution (QCD) amounts

	2023	2024
Regular limit	\$100,000	\$105,000

Social Security

The coming year brings another cost-of-living adjustment (COLA) for Social Security, affecting approximately 71 million Americans, according to the Social Security Administration.¹

	2023	2024
COLA benefit increase	8.7%	3.2%
Maximum earnings subject to Social Security tax	\$160,200	\$168,600

Earnings Limitations for Retirees

Some retirees who have begun to collect Social Security retirement benefits choose to continue working. Individuals who are younger than full retirement age, collecting Social Security retirement benefits and continuing to work, will have some or all their Social Security benefits reduced if they earn more than certain dollar amounts.²

	2023	2024
Earnings limit for workers who are younger than full retirement age (benefits reduced \$1 for each \$2 over the earnings limit)	\$21,240	\$22,320
Earnings limit for people in the year they reach their full retirement age in 2023/2024, but before the month of full retirement age (benefits reduced \$1 for each \$3 over the earnings limit)	\$56,520	\$59,520

Medicare

Medicare Part B premium and deductible amounts

	2023	2024
Standard monthly premium	\$164.90	\$174.70
Annual deductible for all beneficiaries	\$226	\$240

Medicare Part A deductible and coinsurance amounts

	2023	2024
Inpatient hospital deductible	\$1,600	\$1,632
Daily coinsurance for days 61 – 90	\$400	\$408
Daily coinsurance for lifetime reserve days	\$800	\$816

Let's Discuss How These Changes May Affect Your Financial Strategy

A financial advisor at S&T Financial Services, a financial advisory practice of Ameriprise Financial Services, LLC, can walk you through how to take advantage of these changes considering your financial goals.

¹ Cost-of-Living Adjustment (COLA) Information for 2024, Social Security Administration, ssa.gov/cola.

² Any benefit reduction is not "lost." Once full retirement age is attained, the monthly benefit will be increased permanently to account for the prior reduction(s). In the first year of retirement, a special rule may apply for certain individuals to allow a full Social Security check for any whole month you're considered retired, regardless of earnings prior to retirement.

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