



2024

TAX GUIDE



SOUTH BAY
ASSET STRATEGIES

FEDERAL INCOME TAX, STANDARD DEDUCTIONS

OVER BUT NOT OVER	TAX +	% ON EXCESS	OF THE AMOUNT OVER
SINGLE FILERS			
\$0	\$11,600	\$0.00	10%
\$11,600	\$47,150	\$1,160.00	12%
\$47,150	\$100,525	\$5,426.00	22%
\$100,525	\$191,950	\$17,168.50	24%
\$191,950	\$243,725	\$39,110.50	32%
\$243,725	\$609,350	\$55,678.50	35%
\$609,350	∞	\$183,647.25	37%
MARRIED FILING JOINTLY & SURVIVING SPOUSES			
\$0	\$23,200	\$0.00	10%
\$23,200	\$94,300	\$2,320.00	12%
\$94,300	\$201,050	\$10,852.00	22%
\$201,050	\$383,900	\$34,337.00	24%
\$383,900	\$487,450	\$78,221.00	32%
\$487,450	\$731,200	\$111,357.00	35%
\$731,200	∞	\$196,669.50	37%
HEAD OF HOUSEHOLD			
\$0	\$16,550	\$0.00	10%
\$16,550	\$63,100	\$1,655.00	12%
\$63,100	\$100,500	\$7,241.00	22%
\$100,500	\$191,950	\$15,469.00	24%
\$191,950	\$243,700	\$37,417.00	32%
\$243,700	\$609,350	\$53,977.00	35%
\$609,350	∞	\$181,954.50	37%
MARRIED FILING SEPARATELY			
\$0	\$11,600	\$0.00	10%
\$11,600	\$47,150	\$1,160.00	12%
\$47,150	\$100,525	\$5,426.00	22%
\$100,525	\$191,950	\$17,168.50	24%
\$191,950	\$243,725	\$39,110.50	32%
\$243,725	\$365,600	\$55,678.50	35%
\$365,600	∞	\$98,334.75	37%
TRUSTS & ESTATES			
\$0	\$3,100	\$0.00	10%
\$3,100	\$11,150	\$310.00	24%
\$11,150	\$15,200	\$2,242.00	35%
\$15,200	∞	\$3,659.50	37%
TAXES FOR GIFTS & ESTATES			
	2024	2023	
Annual Gift Tax Exclusion	\$18,000	\$17,000	
Estate Tax Applicable Exclusion Rate	\$13,610,000	\$12,920,000	
Annual Gift Tax Exclusion for a Noncitizen Spouse	\$185,000	\$175,000	
Top Gift Tax Rate	40%	40%	
STATES WITH ESTATE & INHERITANCE TAX			
States with State Estate Tax	CT, DC, HI, IL, MA, MD, ME, MN, NY, OR, RI, VT, WA		
States with Inheritance Tax	IA, KY, NE, PA, NJ, MD		
Community Property State	AK*, AZ, CA, ID, LA, NM, NV, TX, WA, WI		
	* Opt-in community property state		
STANDARD DEDUCTIONS			
	2024	2023	
Single / Married Filing Separately	\$14,600	\$13,850	
Married Filing Jointly	\$29,200	\$27,700	
Head of Household	\$21,900	\$20,800	
Additional Deduction for Blind or Aged 65 or Older			
Single	\$1,950	\$1,850	
Married or Qualifying Widow(er)	\$1,550	\$1,500	

RETIREMENT PLANS & MEDICARE PREMIUM

IRA & ROTH IRA ANNUAL CONTRIBUTION LIMIT		
	2024	2023
Contribution Limit	\$7,000	\$6,500
Plus: 50+ Catch-up	\$1,000	\$1,000
TRADITIONAL IRA DEDUCTIBILITY PHASE-OUT BASED ON MAGI		
<i>Participants in Employers Plans</i>		
	2024	2023
Single or Head of Household	\$77,000 - \$87,000	\$73,000 - \$83,000
Married Filing Jointly or Qualifying Widow(er)	\$123,000 - \$143,000	\$116,000 - \$136,000
Nonparticipant Married to Participant & Filing Jointly	\$230,000 - \$240,000	\$218,000 - \$228,000
Married Filing Separately	\$0 - \$10,000	\$0 - \$10,000
ROTH IRA PHASE-OUT BASED ON MAGI		
	2024	2023
Married Filing Jointly or Qualifying Widow(er)	\$230,000 - \$240,000	\$218,000 - \$228,000
Single or Head of Household, or Married Filing Separately and Lived Apart from Spouse	\$146,000 - \$161,000	\$138,000 - \$153,000
Married Filing Separately and Lived w/ Spouse	\$0 - \$10,000	\$0 - \$10,000
QUALIFIED PLANS		
	2024	2023
401(k), 403(b), 457(b) Salary Deferral ¹	\$23,000	\$22,500
Plus: 50+ Catch-up	\$7,500	\$7,500
SIMPLE IRA Salary Deferral	\$16,000	\$15,500
Plus: 50+ Catch-up	\$3,500	\$3,500
Maximum Annual Additions in a Defined Contribution Plan	\$69,000	\$66,000
Maximum Annual Benefit in a Defined Benefit Plan	\$275,000	\$265,000
Maximum Compensation Considered	\$345,000	\$330,000
Highly Compensated Employee	\$155,000	\$150,000
Key Employee - Officer	\$220,000	\$215,000
¹ Special catch-up rules applies to certain 403(b) contributors with 15 or more years of service and governmental 457(b) participants in the last 3 years before retirement.		
SEP IRA CONTRIBUTION LIMITS		
	2024	2023
Maximum SEP IRA Contribution	\$69,000	\$66,000
Maximum SEP IRA Compensation	\$345,000	\$330,000
MEDICARE PART B PREMIUMS		
Individual Return	Joint Return	Mo. Pymt
\$0 - \$103,000	\$0 - \$206,000	\$174.70
\$103,001 - \$129,000	\$206,001 - \$258,000	\$244.60
\$129,001 - \$161,000	\$258,001 - \$322,000	\$349.40
\$161,001 - \$193,000	\$322,001 - \$386,000	\$454.20
\$193,001 - \$499,999	\$386,001 - \$749,999	\$559.00
\$500,000+	\$750,000+	\$594.00
Married Filing Separately	\$0 - \$103,000	\$174.70
Married Filing Separately	\$103,000 - \$396,999	\$559.00
Married Filing Separately	\$397,000+	\$594.00

EDUCATION & HEALTH DEDUCTIONS, BUSINESS TAXES

529 PLAN CONTRIBUTIONS	
529 Plan Contributions per Individual	\$18,000
529 Plan Contributions per Couple	\$36,000
Accelerate 5 years of gifting into 1 year per individual	\$90,000
Per Couple	\$180,000

STUDENT LOAN INTEREST	
	Phase-Out
Joint Return	\$165,000 - \$195,000
Single Return	\$80,000 - \$95,000

The maximum deduction for student loan interest is \$2,500.

HEALTH SAVINGS ACCOUNTS (CONTRIBUTION LIMITS)		
	2024	2023
Single	\$4,150	\$3,850
Family	\$8,300	\$7,750
Plus: 55+ Catch-up	\$1,000	\$1,000

BUSINESS INCOME TAXES	
C Corporations	
Taxable Net Income	21% Tax Rate
S Corporations & LLCs	
Taxable K-1 Pass-Through Income to Shareholders	Individual Tax Rates 10% - 37%

- "Qualified Business Income" is eligible for a 20% K-1 deduction (ie. 37% bracket 29.6% net marginal rate)
- Generally, "Specified Service Businesses are not eligible for a 20% K-1 deduction unless entire taxable income (including K-1 pass-through profits) falls below certain thresholds.

FICA TAX RATES		
	Self-Employed	Employee
Social Security (OASDI)	12.40%	6.20%
HI (Medicare)	2.90%	1.45%
Additional Medicare Tax	0.90%	0.90%

Additional Medicare Tax of 0.9% on earned income:	
Married-Jointly	MAGI above \$250,000
Married-Separately	MAGI above \$125,000
Single / Head of Household	MAGI above \$200,000

UNIFORM LIFETIME TABLE

AGE	LIFE EXPECTANCY FACTOR	% ACCOUNT	AGE	LIFE EXPECTANCY FACTOR	% ACCOUNT
73	26.5	3.78	87	14.4	6.95
74	25.5	3.93	88	13.7	7.30
75	24.6	4.07	89	12.9	7.76
76	23.7	4.22	90	12.2	8.20
77	22.9	4.37	91	11.5	8.70
78	22.0	4.55	92	10.8	9.26
79	21.1	4.74	93	10.1	9.91
80	20.2	4.96	94	9.5	10.53
81	19.4	5.16	95	8.9	11.24
82	18.5	5.41	96	8.4	11.91
83	17.7	5.65	97	7.8	12.83
84	16.8	5.96	98	7.3	13.70
85	16.0	6.25	99	6.8	14.71
86	15.2	6.58	100	6.4	15.63
			101	6.0	16.67

*SECURE 2.0 ACT increased RMD age from 72 to 73 starting January 1, 2023

CAPITAL GAINS & SOCIAL SECURITY

SINGLE FILERS	MARRIED FILING JOINTLY & QUALIFYING WIDOW(ER)	TAX RATE
\$0 - \$47,025	\$0 - \$94,050	0%
\$47,026 - \$518,900	\$94,051 - \$583,750	15%
Over \$518,900	Over \$583,750	20%

MARRIED FILING SEPARATELY	HEAD OF HOUSEHOLD	TRUSTS & ESTATES	TAX RATE
\$0 - \$47,025	\$0 - \$63,000	\$0 - \$3150	0%
\$47,026 - \$291,850	\$63,001 - \$551,350	\$3,151 - \$15,450	15%
Over \$291,850	Over \$551,350	Over \$15,450	20%

MEDICARE TAX ON NET INVESTMENT INCOME	
Additional 3.8% Tax on Net Investment Income	
Single / Head of Household	MAGI above \$200,000
Married Filing Separately	MAGI above \$125,000
Married Filing Jointly	MAGI above \$250,000
Trusts & Estates	MAGI above \$12,500

AMT EXEMPTIONS	
Single / Head of Household	\$85,700
Married Filing Jointly & Qualifying Widow(er)s	\$133,300
Married Filing Separately	\$66,650

Exemptions phase out beginning with alternative minimum taxable income over \$1,218,700 when Married Filing Jointly and or \$609,350 for all other taxpayers. AMT ordinary income rate increases from 26% to 28% for alternative minimum taxable income over \$232,600 for all tax payers except Married Filing Separately is \$116,300.

SOCIAL SECURITY

TAXABLE WAGE BASE		
	2024	2023
Social Security (OASDI)	\$168,600	\$160,200
Medicare (HI only)	No Limit	No Limit

RETIREMENT EARNING TEST		
	2024	2023
Under full retirement age:	\$22,320/\$1,860 (yr./mo.)	\$21,240/\$1,770 (yr./mo.)
Year reaching full retirement age:	\$59,520/\$4,960 (yr./mo.)	\$56,520/\$4,710 (yr./mo.)

Note: One dollar in benefits will be withheld for every \$2 in earnings above the limit.
Note: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

AGE TO RECEIVE FULL BENEFITS		
Year of Birth	Full Retirement Age	% Reduced at Age 62
1943 - 1954	66	25.00%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 and Later	67	30.00%

DELAYED RETIREMENT CREDITS	
Year of Birth	Yearly Rate of Increase
1943 or later	8.00%

TAXABILITY OF BENEFITS (BASED ON PROVISIONAL INCOME)		
	Individual	Married Filing Jointly
Not taxable	Less than \$25,000	Less than \$32,000
Up to 50% taxable	\$25,000 - \$34,000	\$32,000 - \$44,000
Up to 85% taxable	Over \$34,000	Over \$44,000

Married Filing Separately, Up to 85% of benefits are taxable
Provisional Income = Adjusted Gross Income + Nontaxable Income + 1/2 Social Security Benefits

DEDUCTIONS, CREDITS, & EDUCATION

DEDUCTION FOR STATE & LOCAL TAXES

Individuals may deduct state and local income (or sales) taxes and real and personal property taxes up to \$10,000 (\$5,000 if married/filing separately) in the aggregate.

CHILD TAX CREDIT

- \$2,000 per “qualifying child” (who has not attained age 17 during the year); phased out as modified AGI exceeds \$400,000 (married/filing jointly) or \$200,000 (all other); \$1,700 per child is refundable.
- \$500 nonrefundable credit for qualified dependents other than qualifying children (with some modified AGI phaseouts).

KIDDIE TAX

The first \$1,300 is not taxed, the next \$1,300 is taxed at child’s bracket, amount above the total \$2,600 is taxed at child’s parents rates. Earned income is taxed at single tax bracket rates.

DEDUCTION FOR MORTGAGE INTEREST

- Deduction on interest for qualifying mortgages up to \$750,000 (\$375,000 if married/filing separately); homes under agreement before 12/15/17 for purchase prior to 1/1/18 (provided purchase occurred by 4/1/18) grandfathered under previous \$1,000,000 (\$500,000 if married/filing separately) limits.
- Interest on home equity lines of credit (HELOC) deductible in certain cases where proceeds are utilized to acquire or improve a residence.

HIGH DEDUCTIBLE HEALTH PLANS

Minimum Deductible - Single	\$1,600
Minimum Deductible - Family	\$3,200
Maximum Out of Pocket - Single	\$8,050
Maximum Out of Pocket - Family	\$16,100

AMERICAN OPPORTUNITY TAX CREDIT

Maximum Credit	\$2,500
Phase-Out - Single	\$80,000 - \$90,000
Phase-Out - Joint	\$160,000 - \$180,000

COVERDELL EDUCATION SAVINGS ACCOUNT

Contribution	\$2,000
Phase-Out - Single	\$95,000 - \$110,000
Phase-Out - Joint	\$190,000 - \$220,000

LIFETIME LEARNING CREDIT

Maximum Credit	\$2,500
Phase-Out - Single	\$80,000 - \$90,000
Phase-Out - Joint	\$160,000 - \$180,000

DEDUCTIONS FOR PUBLIC CHARITABLE CONTRIBUTIONS

TYPE OF PROPERTY CONTRIBUTED	VALUE	PERCENTAGE LIMITATION ¹
Cash	Actual dollar amount	60%
Appreciated ordinary income property ² or appreciated short-term capital gain property ³	Donor’s tax basis	50%
Appreciated long-term capital gain property ⁴		
(a) General rule	Fair market value	30%
(b) Election made to reduce amount of contribution	Donor’s tax basis	50%
(c) Tangible personal property put to unrelated use by donee charity	Donor’s tax basis	50%

1) The applicable “percentage limitation” applies to the donor’s contribution base, which is the donor’s adjusted gross income (AGI) determined without regard to any net operating loss carryback. The limitation is applied on an annual basis. Any deductible contributions that exceed the current year’s limitations may be carried over and deducted in the five succeeding tax years, subject to the percentage limitations in those years.

2) “Ordinary income property” property that would produce ordinary income if sold by the individual.

3) “Short-term capital gain property” property that would produce a short-term capital gain if sold by the individual.

4) “Long-term capital gain property” property that would produce a long-term capital gain if sold by the individual.

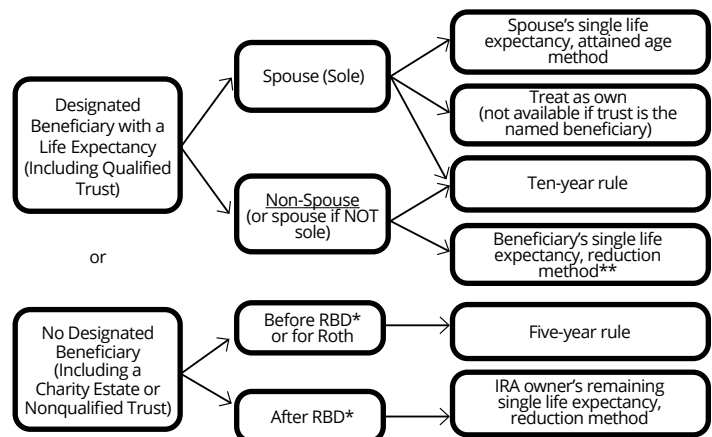
DEDUCTION FOR LONG-TERM CARE INSURANCE PREMIUMS

Age	40 or Less	41 - 50	51 - 60	61 - 70	Over 70
	\$470	\$880	\$1,760	\$4,710	\$5,880

QUALIFIED LONGEVITY ANNUITY

Maximum Premium Allowed \$200,000

IRA BENEFICIARY OPTIONS



*RBD defined as “Required Beginning Date” (April 1 following the year a Traditional IRA owner reaches age 72; age 73 if they attain age 72 after 2022).

**Method only available if the non-spouse beneficiary is the minor child of the deceased IRA owner (until the child’s age of majority), disabled, chronically ill, or not more than 10 years younger than the deceased IRA owner.