

From the desk of Peter S. Muffoletto, C.P.A.

Peter S. Muffoletto
Certified Public Accountant



401(k) limit increases to \$23,000 for 2024 IRA limit rises to \$7,000

The Internal Revenue Service has announced that individuals can contribute to 401(k) plans \$23,000.00 in 2024.

The IRS also issued technical guidance regarding the cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2024

Changes for 2024

The contribution limit for employees who participate in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan is increased to \$23,000, up from \$22,500.

The limit on annual contributions to an IRA increased to \$7,000, up from \$6,500.

The IRA catch up contribution limit for individuals aged 50 and over was amended under the SECURE 2.0 Act of 2022 (SECURE 2.0) to include an annual cost of living adjustment but remains \$1,000 for 2024.

The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan remains \$7,500 for 2024, therefore, participants in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan who are 50 and older can contribute up to \$30,500, starting in 2024.

The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans remains \$3,500 for 2024.

The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs, and to claim the Saver's Credit all increased for 2024.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or the taxpayer's spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income. (If neither the taxpayer nor the spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.)

The phase out ranges for 2024 are:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$77,000 and \$87,000, up from between \$73,000 and \$83,000.
- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to between \$123,000 and \$143,000, up from between \$116,000 and \$136,000.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to between \$230,000 and \$240,000, up from between \$218,000 and \$228,000.
- For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.

The income phase-out range for taxpayers making contributions to a Roth IRA are as follows:

- \$146,000 and \$161,000 for singles and heads of household;
- For married couples filing jointly, the income phase-out range is increased to between \$230,000 and \$240,000;
- The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.

The income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) are as follows:

- for low- and moderate-income workers is \$76,500 for married couples filing jointly;
- \$57,375 for heads of household;
- \$38,250 for singles and married individuals filing separately.

The amount individuals can contribute to their SIMPLE retirement accounts has been increased to \$16,000.

Additional changes made under SECURE 2.0 are as follows:

- The limitation on premiums paid with respect to a qualifying longevity annuity contract to \$200,000. For 2024, this limitation remains \$200,000.
- Added an adjustment to the deductible limit on charitable distributions. For 2024, this limitation

was increased to \$105,000.

- Added a deductible limit for a one-time election to treat a distribution from an individual retirement account made directly by the trustee to a split-interest entity. For 2024, this limitation has been increased to \$53,000.

We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service.

Should you have questions relating to any tax or financial matters call at

(818) 346-2160,

or you can visit us on the web at

www.petemcpa.com!

Providing individuals, small businesses, corporations, partnerships, professionals, and other business entities with the necessary guidance and answers for a complex world.

IMPORTANT NOTICE

The contents of this email and any attachments to it may contain privileged and confidential information from Muffoletto & Company.

This information is only for the viewing or use of the intended recipient. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of, or the taking of any action in reliance upon, the information contained in this e-mail, or any of the attachments to this e-mail, is strictly prohibited and that this e-mail and all of the attachments to this e-mail, if any, must be immediately returned to Muffoletto & Company or destroyed and, in either case, this e-mail and all attachments to this e-mail must be immediately deleted from your computer without making any copies hereof.

If you have received this e-mail in error, please notify Muffoletto & Company by e-mail immediately.

To ensure compliance with Treasury Department regulations, we wish to inform you that, unless expressly stated otherwise in this communication (including any attachments) any tax advice that may be contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or applicable state or local tax law provisions or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

If you prefer not to remain on our email lists, please let us know.

We will remove you as soon as you notify us.

You may do so by emailing us at

pete@petemcpa.com