



CARDINAL ADVISORS

2024 Income Tax Brackets, Roth IRA Conversion

Hans and Tom use the following chart to discuss this view of taxes in our video entitled “2024 Income Tax Brackets, Roth IRA Conversion”.

		2024 INCOME TAX BRACKETS, ROTH IRA CONVERSION			
S.S.		MARRIED FILING JOINT	SINGLE		INCOME
<input type="checkbox"/>	10%	Ø - 23,200	Ø - 11,600		<input type="checkbox"/>
	12%	23,201 - 94,300	11,601 - 47,150		
MED	22%	94,301 - 201,050	47,151 - 100,525	IRMAA START TOP OF 24% BRACKET	
<input type="checkbox"/>	24%	201,051 - 383,900	100,526 - 191,950		
	32%	383,901 - 487,450	191,151 - 243,725		ESTATE
	35%	487,451 - 731,200	243,726 - 609,350		<input type="checkbox"/>
LTC	37%	731,200 +	609,350 +		
<input type="checkbox"/>	STANDARD DEDUCTION	\$29,200	\$14,600		TAXES
	65+	\$3,100	\$1,950		<input type="checkbox"/>
401K/ IRA	<u>ROTH CONVERSION PLANNING IDEAS</u>				
<input type="checkbox"/>	- WORK BEST IF HIGHER TAXES IN FUTURE				
	- CONSIDER SMALLER AMOUNTS OVER SEVERAL YEARS				
	- RMD'S CANNOT BE CONVERTED				
	- CONSIDER IMPACT ON MEDICARE IRMAA				
	- SPOUSE DIES DURING YEAR, CONSIDER ONE LAST CONVERSION				

The information and opinions contained herein are provided by third parties and have been obtained from sources believed to be reliable, however, we make no representation as to its completeness or accuracy. The information is not intended to be used as the sole basis for financial decisions, nor should it be construed as advice designed to meet the particular needs of an individual's situation. Content is provided for informational purposes only and is not a solicitation to buy or sell any products mentioned.

Membership to Ed Slott's Master Elite IRA Advisor Group™ was granted in November of 2012 for Hans Scheil and in October of 2022 for Thomas Griffith. Ed Slott's Master Elite IRA Advisor Group is solely an indication that the financial advisor has attended training provided by Ed Slott and Company, maintained an Elite IRA Advisor Group™ membership for two or more years, passed bi-annual examinations on material covered at conferences and in webinars and met other membership requirements and does not constitute an endorsement of any kind. Ed Slott's Elite IRA Advisor Group™ members pay a fee for the educational programs that allow them to be included in the Ed Slott's Elite IRA Advisor Group™. Membership does not guarantee investment success.

Feb 2024

2024 Tax Planning

Taxable Income Brackets for 2024 Ordinary Income Tax Rates

Marginal Tax Rate	Married Filing Joint	Single
10%	\$0 – \$23,200	\$0 – \$11,600
12%	\$23,201 – \$94,300	\$11,601 – \$47,150
22%	\$94,301 – \$201,050	\$47,151 – \$100,525
24%	\$201,051 – \$383,900	\$100,526 – \$191,950
32%	\$383,901 – \$487,450	\$191,951 – \$243,725
35%	\$487,451 – \$731,200	\$243,726 – \$609,350
37%*	Over \$731,200	Over \$609,350

* The top rate is effectively 40.8% for those subject to the 3.8% Medicare surtax on net investment income (those with MAGI over the thresholds of \$250,000 joint filers/\$200,000 single filers).

2024 Trust Tax Rates

Ordinary Income Tax		Capital Gain Rates	
10%	\$0 - \$3,100	0%	\$0 - \$3,150
24%	\$3,101 - \$11,150	15%	\$3,151 - \$15,450
35%	\$11,151 - \$15,200	20%	Over \$15,450
37%	Over \$15,200		

Trust Tax Rates – Distributions from inherited IRAs that exceed **\$15,200** and are made to and retained in discretionary trusts will be subject to the top 37% rate. After the SECURE Act, inherited IRA funds will have to be paid out to most of these trusts under the 10-year rule, accelerating trust taxes. Roth conversions during the IRA owner's life become more valuable if the IRA beneficiary is a trust.

Qualified Business Income (QBI) Deduction

20% Deduction Phase-Out Ranges

\$383,900 - \$483,900 - Married Joint
\$191,950 - \$241,950 - Single

Taxable Income Brackets for 2024 Long Term Capital Gains and Qualified Dividends Tax

Long Term Capital Gains Rate	Married Filing Joint	Single
0%	\$0 – \$94,050	\$0 – \$47,025
15%*	\$94,051 – \$583,750	\$47,026 – \$518,900
20%**	Over \$583,750	Over \$518,900

*The 15% rate is effectively 18.8% for those subject to the 3.8% Medicare surtax on net investment income.

**The top rate is effectively 23.8% for those subject to the 3.8% Medicare surtax on net investment income.

2024 Transfer Taxes

Transfer Tax	Exemption*	Maximum Rate
Estate, Gift, GST Tax	\$13,610,000	40%

*The estate and gift exemptions are portable. The unused amount can be transferred to a surviving spouse. The GST exemption is NOT portable.

Annual Gift Tax Exclusion \$18,000

Standard Deductions

Married-Joint	\$29,200
Single	\$14,600
Head of Household	\$21,900
Extra Standard Deduction for Age 65 or Blind	
\$1,550 (married-joint)	
\$1,950 (single)	

Qualified Charitable Distributions

Available only to IRA owners and IRA beneficiaries who are 70½ or older. The annual QCD limit for 2024 is \$105,000 per IRA owner, **not** per IRA account. For 2024, the limit for a QCD to a split interest entity is \$53,000. QCDs are more valuable due to the larger number of taxpayers that are using the increased standard deduction.

Roth Conversion Planning Ideas

Roth conversions are permanent and work best for those who believe they will be subject to higher marginal tax rates in the future.

Roth conversions are not all or nothing. Consider a series of smaller annual conversions over time to spread out the income tax.

Timing Roth conversions for maximum tax efficiency:

Convert before RMDs begin. RMDs cannot be converted, so no conversion can be done until the RMD is withdrawn.

Avoid the impact of Roth conversions on Medicare IRMAA charges for Parts B and D based on income. Since Medicare has a 2-year lookback provision, consider conversions before age 63.

If a spouse died during the year, consider a Roth conversion for the surviving spouse since this may be the last year to take advantage of married-joint tax return rates. Include the conversion income on the final joint tax return.