



CARDINAL ADVISORS

How Much Income Tax Do Retirees Pay?

Hans and Tom use the following chart and forms to address the question how much income tax do retirees pay in the video with the same title.

		MARRIED FILING JOINT		SINGLE		
S.S <input type="checkbox"/>	10%	0 - 23,200	0 - 11,600	1. MARRIED 70-F 70-M SS 2,000 + 1,000 = 3,000 X 12 = 36,000 IRA WITHDRAWAL = 24,000 ZERO FEDERAL TAX 0% 60,000		
	12%	23,201 - 94,300	11,601 - 47,150	2. MARRIED 70-F 70-M SS 4,800 + 3,000 = 7,800 X 12 = 93,600 IRA WITHDRAWAL = 60,000 9985 FEDERAL TAX 7% 153,600		
	22%	94,301 - 201,050	47,151 - 100,525	3. SINGLE 70 SS 3,000 x 12 = 36,000 IRA WITHDRAWAL = 24,000 2021 FEDERAL TAX 3% 60,000		
	24%	201,051 - 383,900	100,526 - 191,950	4. SINGLE 70 SS 4,800 x 12 = 57,600 IRA WITHDRAWAL = 60,000 15,387 FEDERAL TAX 13% 117,600		
	32%	383,901 - 487,450	191,151 - 243,725			
MED <input type="checkbox"/>	35%	487,451 - 731,200	243,726 - 609,350			
	37%	731,200 +	609,350 +			
LTC <input type="checkbox"/>	STANDARD DEDUCTION	29,200	14,600			
	65+	3,100	1,950			
401K/ IRA <input type="checkbox"/>	CAPITAL GAINS QUALIFIED DIVIDENDS					
		MARRIED JOINT	SINGLE			
	0%	0 - 94,050	0 - 47,025			
	15%	94,051 - 583,750	47,026 - 518,900			
	20%	583,750 +	518,900 +			

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April 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.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning , 2024, ending See separate instructions.

Your first name and middle initial Last name Your social security number 001-01-0001

If joint return, spouse's first name and middle initial Last name Spouse's social security number 001-01-0002

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP Code
Foreign country name Foreign province/state/county Foreign postal code
Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
You Spouse

Filing Status
Single
Married filing jointly (checked)
Married filing separately (MFS)
Qualifying Surviving Spouse (QSS)
Head of Household (HOH)
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Digital Assets
At any time during 2024, did you (a) receive (as a reward, award, or payment for property or service); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

Standard Deduction
Someone can claim: You as a dependent Your spouse as a dependent
Spouse itemizes on a separate return or you were a dual-status alien

Age / Blindness
You: (checked) Were born before January 2, 1960 Are blind
Spouse: (checked) Was born before January 2, 1960 Is blind

Table with 5 columns: (1) First name, Last name, (2) Social security number, (3) Relationship to you, (4) Check the box if qualified for (see instructions): Child tax credit, Credit for other dependents.

Income section table with rows 1a through 1z. 1a Total amount from Form(s) W-2, box 1 (see instructions) 0. 1b Household employee wages not reported on Form(s) W-2. 1c Tip income not reported on line 1a (see instructions). 1d Medicaid waiver payments not reported on Form(s) W-2 (see instructions). 1e Taxable dependent care benefits from Form 2441, line 26. 1f Employer provided adoption benefits from Form 8839, line 29. 1g Wages from Form 8919, line 6. 1h Other earned income (see instructions). 1i Nontaxable combat pay election (see instructions) 0. 1z Add lines 1a through 1h 0.

Table with rows 2a through 15. 2a Tax-exempt interest 0. 2b Taxable interest. 3a Qualified dividends 0. 3b Ordinary dividends. 4a IRA distributions. 4b Taxable amount 24,000. 5a Pensions and annuities. 5b Taxable amount 0. 6a Social security benefits 36,000. 6b Taxable amount 5,000. 7 Capital gain or (loss). Attach Schedule D if required. If not required, check here. 8 Other income from Schedule 1, line 10. 9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income 29,000. 10 Adjustments to income from Schedule 1, line 26. 11 Subtract line 10 from line 9. This is your adjusted gross income 29,000. 12 Standard deduction or itemized deductions (from Schedule A) 32,300. 13 Qualified business income deduction from Form 8995 or Form 8995-A. 14 Add lines 12 and 13 32,300. 15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income 0.

Tax and Credits

Table with 4 columns: Line number, Description, Amount, and Total. Rows include Tax (16), Amount from Schedule 2 (17), Add lines 16 and 17 (18), Child tax credit (19), Amount from Schedule 3 (20), Add lines 19 and 20 (21), Subtract line 21 (22), Other taxes (23), and Total tax (24).

Payments

Table with 4 columns: Line number, Description, Amount, and Total. Rows include Federal income tax withheld (25a-c, 25d), 2024 estimated tax payments (26), Earned income credit (27), Additional child tax credit (28), American opportunity credit (29), Reserved for future use (30), Amount from Schedule 3 (31), Total other payments (32), and Total payments (33).

Refund

Direct deposit? See instructions

Table with 4 columns: Line number, Description, Amount, and Total. Rows include Amount overpaid (34), Amount refunded (35a), Routing number (35b), Account number (35d), and Amount applied to 2025 estimated tax (36).

Amount You Owe

Table with 4 columns: Line number, Description, Amount, and Total. Rows include Subtract line 33 from line 24 (37) and Estimated tax penalty (38).

Third Party Designee

Form section for Third Party Designee with fields for name, phone number, and personal identification number (PIN).

Sign Here

Signature section with fields for joint return, spouse's signature, date, occupation, and identity protection PIN.

Paid Preparer's Use Only

Form section for Paid Preparer's Use Only with fields for name, signature, date, PTIN, and phone number.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning , 2024, ending See separate instructions.

Your first name and middle initial Last name Your social security number 001-01-0001

If joint return, spouse's first name and middle initial Last name Spouse's social security number 001-01-0002

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP Code
Foreign country name Foreign province/state/county Foreign postal code
Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
You Spouse

Filing Status
Single
Married filing jointly (checked)
Married filing separately (MFS)
Qualifying Surviving Spouse (QSS)
Head of Household (HOH)
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Digital Assets
At any time during 2024, did you (a) receive (as a reward, award, or payment for property or service); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

Standard Deduction
Someone can claim: You as a dependent Your spouse as a dependent
Spouse itemizes on a separate return or you were a dual-status alien

Age / Blindness
You: (checked) Were born before January 2, 1960 Are blind
Spouse: (checked) Was born before January 2, 1960 Is blind

Table with 5 columns: (1) First name, Last name, (2) Social security number, (3) Relationship to you, (4) Check the box if qualified for (see instructions): Child tax credit, Credit for other dependents.

Income section table with rows 1a through 1z. Total amount from Form(s) W-2, box 1 (see instructions) 0.

Table for Standard Deduction for --. Rows 2a through 15. Total taxable income 87,080.

Tax and Credits

Table with 4 columns: Line number, Description, Amount, Total. Rows 16-24. Total for line 24 is 9,985.

Payments

Table with 4 columns: Line number, Description, Amount, Total. Rows 25-33. Total for line 33 is 0.

If you have a qualifying child, attach Sch EIC.

Refund

Direct deposit? See instructions

Table with 4 columns: Line number, Description, Amount, Total. Rows 34-36. Total for line 36 is 0.

Amount You Owe

Table with 4 columns: Line number, Description, Amount, Total. Rows 37-38. Total for line 37 is 9,985.

Third Party Designee

Form section for Third Party Designee with fields for name, phone, and PIN.

Sign Here

Signature area with fields for signature, date, occupation, and PIN for both taxpayer and spouse.

Paid Preparers Use Only

Form section for Paid Preparers Use Only with fields for name, signature, date, PTIN, and address.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning , 2024, ending See separate instructions.

Your first name and middle initial Last name Your social security number 001-01-0001

If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP Code
Foreign country name Foreign province/state/county Foreign postal code
Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
You Spouse

Filing Status
[x] Single [] Head of Household (HOH)
[] Married filing jointly
[] Married filing separately (MFS) [] Qualifying Surviving Spouse (QSS)
Check only one box
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Digital Assets
At any time during 2024, did you (a) receive (as a reward, award, or payment for property or service); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

Standard Deduction
Someone can claim: [] You as a dependent [] Your spouse as a dependent
[] Spouse itemizes on a separate return or you were a dual-status alien

Age / Blindness
You: [x] Were born before January 2, 1960 [] Are blind Spouse: [] Was born before January 2, 1960 [] Is blind

Table with 5 columns: (1) First name, Last name, (2) Social security number, (3) Relationship to you, (4) Check the box if qualified for (see instructions): Child tax credit, Credit for other dependents. Includes dependents section.

Income section table with rows 1a through 1z. Includes total amount from Form(s) W-2, household employee wages, tip income, etc. Total income shown as 35,300.

Standard Deduction section table with rows 2a through 15. Includes tax-exempt interest, qualified dividends, IRA distributions, pensions, social security benefits, etc. Taxable income shown as 18,750.

Tax and Credits

Table with 4 columns: Line number, Description, Amount, Total. Rows 16-24. Total for line 24 is 2,021.

Payments

Table with 4 columns: Line number, Description, Amount, Total. Rows 25-33. Total for line 33 is 0.

If you have a qualifying child, attach Sch EIC.

Refund

Direct deposit? See instructions

Table with 4 columns: Line number, Description, Amount, Total. Rows 34-36. Total for line 36 is 0.

Amount You Owe

Table with 4 columns: Line number, Description, Amount, Total. Rows 37-38. Total for line 37 is 2,021.

Third Party Designee

Form section for Third Party Designee with fields for name, phone, and PIN.

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature area with fields for signature, date, occupation, and PIN for both taxpayer and spouse.

Paid Preparer's Use Only

Form section for Paid Preparer's Use Only with fields for name, signature, date, PTIN, and phone number.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning , 2024, ending See separate instructions.

Your first name and middle initial Last name Your social security number 001-01-0001

If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP Code
Foreign country name Foreign province/state/county Foreign postal code
Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
You Spouse

Filing Status
[X] Single
Married filing jointly
Married filing separately (MFS)
Qualifying Surviving Spouse (QSS)
Head of Household (HOH)
If you checked the MFS box, enter the name of spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Digital Assets
At any time during 2024, did you (a) receive (as a reward, award, or payment for property or service); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.)
Yes No

Standard Deduction
Someone can claim:
You as a dependent
Your spouse as a dependent
Spouse itemizes on a separate return or you were a dual-status alien

Age / Blindness
You: [X] Were born before January 2, 1960 Are blind
Spouse: Was born before January 2, 1960 Is blind

Table with 5 columns: (1) First name, Last name, (2) Social security number, (3) Relationship to you, (4) Check the box if qualified for (see instructions): Child tax credit, Credit for other dependents.

Income section table with rows 1a through 1z. Total amount from Form(s) W-2, box 1: 0. Household employee wages: 0. Tip income: 0. Medicaid waiver payments: 0. Taxable dependent care benefits: 0. Employer provided adoption benefits: 0. Wages from Form 8919: 0. Other earned income: 0. Nontaxable combat pay election: 0. Add lines 1a through 1h: 0.

Table for tax deductions and taxable income. Rows 2a through 15. Tax-exempt interest: 0. Qualified dividends: 0. IRA distributions: 0. Pensions and annuities: 0. Social security benefits: 57,600. Taxable interest: 0. Ordinary dividends: 0. Taxable amount: 60,000. Taxable amount: 0. Taxable amount: 48,960. Capital gain or (loss): 0. Other income from Schedule 1: 0. Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8: 108,960. Adjustments to income from Schedule 1: 0. Subtract line 10 from line 9: 108,960. Standard deduction or itemized deductions: 16,550. Qualified business income deduction: 0. Add lines 12 and 13: 16,550. Subtract line 14 from line 11: 92,410. This is your taxable income.

Tax and Credits

Table with 4 columns: Line number, Description, Amount, Total. Rows 16-24. Total for line 24 is 15,387.

Payments

Table with 4 columns: Line number, Description, Amount, Total. Rows 25-33. Total for line 33 is 0.

Refund

Direct deposit? See instructions

Table with 4 columns: Line number, Description, Amount, Total. Rows 34-36. Total for line 36 is 0.

Amount You Owe

Table with 4 columns: Line number, Description, Amount, Total. Rows 37-38. Total for line 37 is 15,387.

Third Party Designee

Form section for Third Party Designee with fields for name, phone, and PIN.

Sign Here

Signature section with fields for signature, date, and occupation for both taxpayer and spouse.

Paid Preparers Use Only

Form section for Paid Preparers Use Only with fields for name, signature, date, and PTIN.