

2024 tax updates



EACH YEAR, the IRS updates various tax provisions to keep pace with inflation. For 2024, in addition to changes to the tax brackets and rates, several other changes are also taking place. While we cannot list all, here is a summary of some that will be the most impactful for our clients. In addition, the preferential tax rate provisions of the 2017 Tax Cuts and Jobs Act (TCJA) will expire at the end of 2025, unless Congress acts to extend it. As such, it is more important than ever to review your individual situation with your trusted advisors. Here at Trust Company of Vermont, we are here to help you plan for possible tax law changes and provide you with creative solutions.

Annual gift exclusion The annual gift exclusion, which is the amount you can give an individual recipient each calendar year without using estate tax exemption or filing a gift tax return, will increase to \$18,000 per recipient in 2024, up from \$17,000 in 2023.

Estate and gift tax exclusion The estate and gift tax exemption is the total amount of wealth a person can transfer free from tax, during life or at death. In 2023,

this amount was \$12,920,000 per person, or \$25,840,000 for a married couple. For 2024, the federal estate and gift tax exemption amount will increase to \$13,610,000, or \$27,220,000 for a married couple, meaning that each taxpayer will be able to transfer an additional \$690,000 free of transfer tax liability next year.

Qualified Charitable Distributions (QCDs) from IRAs The total amount of QCDs that you can exclude from your gross income increased to \$105,000 in 2024, up from \$100,000 in 2023.

Retirement Savings In 2024, individuals can contribute up to \$23,000 to their 401(k) plans in 2024, up from \$22,500 in 2023. The catch-up contribution limit for employees aged 50 and over remains an additional \$7,500 for 2024.

The limit on annual contributions to an IRA increases to \$7,000 in 2024, up from \$6,500 in 2023. This limit applies to the total amount contributed to your traditional and Roth IRAs. IRA plans also allow catchup contributions for individuals aged 50 and over, which remains an additional \$1,000 for 2024.

HSAs and FSAs Starting in 2024, if you contribute to a health flexible spending account, or FSA, you can contribute up to \$3,200. For those with health savings accounts, the 2024 limit for annual contributions will rise to \$4,150 for individual and \$8,300 for family coverage. If you are over 55, you can contribute an additional \$1,000 for the HSA.

Federal tax brackets and tax rates The marginal tax rates for 2024 remain unchanged at 10%, 12%, 22%, 24%, 32%, 35% and 37%. However, the IRS did make several adjustments to the income levels of the brackets. Below are two comparison brackets for reference.

2023 vs. 2024 tax brackets: Married filing jointly

2023	2024
10% \$0 to \$22,000.	10% \$0 to \$23,200.
12% \$22,001 to \$89,450.	12% \$23,201 to \$94,300.
22% \$89,451 to \$190,750.	22% \$94,301 to \$201,050.
24% \$190,751 to \$364,200.	24% \$201,051 to \$383,900.
32% \$364,201 to \$462,500.	32% \$383,901 to \$487,450.
35% \$462,501 to \$693,750.	35% \$487,451 to \$731,200.
37% \$693,751 or more.	37% \$731,200 or more.

2023 vs. 2024 tax brackets: Single filers

2023	2024
10% \$0 to \$11,000.	10% \$0 to \$11,600.
12% \$11,001 to \$44,725.	12% \$11,601 to \$47,150.
22% \$44,726 to \$95,375.	22% \$47,151 to \$100,525.
24% \$95,376 to \$182,100.	24% \$100,526 to \$191,950.
32% \$182,101 to \$231,250.	32% \$191,951 to \$243,725.
35% \$231,251 to \$578,125.	35% \$243,726 to \$609,350.
37% \$578,126 or more.	37% \$609,351 or more.

Standard Deduction For the 2024 tax year, the standard deduction will increase by \$750 for single filers and those married filing separately, \$1,500 for married filing jointly, and \$1,100 for heads of household. ■

Filing status	Standard deductions 2023	Standard deductions 2024
Single	\$13,850	\$14,600
Married, filing jointly	\$27,700	\$29,200
Married, filing separately	\$13,850	\$14,600

Tax Document REMINDERS

You can download your non-IRA account tax information online!

You must have online access and be listed as the owner of the account. Contact your administrator for more information!

Log in to your account online

From the menu, go to: **Documents > Tax Doc**

Select **ACCOUNT** and **TAX YEAR** from drop downs

Click **GET** to show the list of documents (if available, it will be displayed)

Click View or Download

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Not an endorsement of either program.

Tracking ID:
ABCDEFGHIJ123456789ABCDEFGHIJ
Important Tax Documents Enclosed

