

NOVEMBER 2023

Annual federal limits relating to tax and financial planning 2024

The tax information provided in this guide is a high-level summary of certain tax rules. The rules described below are highly complex and exceptions may apply. In using this guide, you should confirm with a tax advisor whether and how the rules noted below apply to your particular circumstances.

Income, Retirement, Estate, Gift and Generation-Skipping Transfer (GST) Limits

QUALIFIED PLANS

Elective deferrals: 401(k), 403(b), 457(b) & SAR-SEPs	\$23,000
Elective deferral catch-up contribution (50 or over at any time in 2024)	\$7,500
Defined contribution limit: 415(c)(1)(A)	\$69,000
Defined benefit limit: 415(b)(1)(A)	\$275,000
SIMPLE plans: 408(p)(2)(E)	\$16,000
SIMPLE plan catch-up contribution (50 or over at any time in 2024)	\$3,500
Maximum compensation: 401(a)(17), 404(l), 408(k)(3)(C), & 408(k)(6)(D)(ii)	\$345,000
Highly compensated employee threshold: 414(q)(1)(B)	\$155,000
Key employee (top-heavy plan): 416(i)(1)(A)(i)	\$220,000
Compensation threshold for SEP participation: 408(k)(2)(C)	\$750
IRA or Roth IRA contribution limit	\$7,000
IRA or Roth IRA catch-up contribution (50 or over at any time in 2024)	\$1,000

TRADITIONAL IRA DEDUCTION PHASE-OUT

Active employer plan participants¹

Single or head of household	\$77,000 – \$87,000
Married filing jointly	\$123,000 – \$143,000
Married filing separately	\$0 – \$10,000

Non-active employer plan participants¹

Married – joint (taxpayer’s spouse participates)	\$230,000 – \$240,000
Married filing separately (taxpayer’s spouse participates)	\$0 – \$10,000

ROTH IRA CONTRIBUTION PHASE-OUT¹

Single or head of household	\$146,000 – \$161,000
Married filing jointly	\$230,000 – \$240,000
Married filing separately	\$0 – \$10,000

IRA QUALIFIED CHARITABLE DISTRIBUTION (QCD) (OWNER OVER 70.5)

Annual QCD exclusion from AGI: 408(d)(8)(A)	\$105,000
---	-----------

COVERDELL EDUCATION SAVINGS ACCOUNT ANNUAL CONTRIBUTION (PER BENEFICIARY)

Coverdell Education Savings Account annual contribution	\$2,000
---	---------

COVERDELL EDUCATION SAVINGS ACCOUNT PHASE-OUT¹

Phase-out for married filing jointly	\$190,000 – \$220,000
Phase-out for other	\$95,000 – \$110,000

EE BONDS FOR EDUCATION — PHASE-OUT OF EXCLUSION¹

Married filing jointly	\$145,200 – \$175,200
All others	\$96,800 – \$111,800

ESTATE, GIFT & GST TAX

Annual gift tax exclusion	\$18,000
Annual non-US citizen spouse gift tax exclusion	\$185,000
Estate/generation skipping/lifetime gift exemption	\$13,610,000
Maximum marginal transfer tax rates	40%

REPORTING LEVELS —

FOREIGN GIFTS RECEIVED BY US PERSON (§6039F)

From NRA or foreign estate (see IRS Notice 97-34)	\$100,000
From foreign corporation or partnership	\$19,570

SOCIAL SECURITY (PAYROLL TAXES)

SS taxable wage base	\$168,600
SS tax rate (OASDI & HI) – employee ²	6.2% / 1.45% / 0.9%
SS tax rate (OASDI & HI) – self employed ³	12.4% / 2.9% / 0.9%
Earnings required for a quarter of coverage	\$1,730
Max monthly benefit at full retirement age	\$3,822

INCOME TAX EXEMPTIONS AND DEDUCTIONS

Personal exemption amount ⁴	N/A
Standard deduction ⁴	
Married filing jointly.....	\$29,200
Head of household.....	\$21,900
Single and married filing separately.....	\$14,600
Individual who may be claimed as dependent of another ⁵	Greater of \$1,300 or earned income + \$450 but not more than \$14,600
Elderly or blind additional deduction	
Single or head of household and not a surviving spouse.....	\$1,950
Married (joint or separate, per spouse).....	\$1,550
Foreign earned income exclusion	\$126,500

Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as “MLPF&S” or “Merrill”) makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation (“BofA Corp.”). MLPF&S is a registered broker-dealer, registered investment adviser, Member SIPC and a wholly owned subsidiary of BofA Corp.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
-----------------------------	--------------------------------	-----------------------

Income, Retirement, Estate, Gift and Generation-Skipping Transfer (GST) Limits (continued)

MAXIMUM MARGINAL ORDINARY INCOME TAX RATE

Maximum marginal ordinary income tax rate	37%
---	-----

MAXIMUM ALTERNATIVE MINIMUM TAX RATE

Maximum alternative minimum tax rate ⁶	28%
---	-----

ALTERNATIVE MINIMUM TAX (AMT)

	Exemption	Phase-out ⁷
Single & head of household	\$85,700	\$609,350–\$952,150
Married filing jointly & surviving spouse	\$133,300	\$1,218,700–\$1,751,900
Married filing separately	\$66,650	\$609,350–\$875,950
Trusts & estates	\$29,900	\$99,700–\$219,300
Child subject to kiddie tax (but not more than \$9,250 + child's earned income)	\$85,700	\$609,350–\$952,150

QBI TAXABLE INCOME THRESHOLD PHASE-OUT: IRC §199A(B)(3)(B)

Married filing jointly & surviving spouse	\$383,900–\$483,900
Single & head of household	\$191,950–\$241,950
Married filing separately	\$191,950–\$241,950

Capital gains rate applicable to the extent a taxpayer's taxable income does not exceed the indicated amounts:

FILING STATUS	0% at or below	15% at or below	20% if over
Married filing jointly	\$94,050	\$583,750	\$583,750
Head of household	\$63,000	\$551,350	\$551,350
Single	\$47,025	\$518,900	\$518,900
Married filing separately	\$47,025	\$291,850	\$291,850
Estates and trusts	\$3,150	\$15,450	\$15,450

INVESTMENT SURTAX OF 3.8% MAY APPLY AFTER MAGI EXCEEDS⁸

Single, head of household	\$200,000
Married filing jointly or qualifying widow(er)	\$250,000
Married filing separately	\$125,000
Estates and trusts	\$15,200

Social Security, Medicare and Other Benefit Limits

SOCIAL SECURITY BENEFITS

Benefits reduction threshold for earned income ⁹	
<i>Before year of full retirement age (\$1 for \$2) – annual</i>	\$22,320
<i>Year of full retirement age (\$1 for \$3) – pro-rated</i>	\$59,520
<i>Month of full retirement age and thereafter</i>	\$0
Social security cost-of-living adjustment	3.2%

MEDICAL SAVINGS ACCOUNT (ARCHER MSA-§220¹⁰)

HDHP-min annual deductible – self/family	\$2,800 / \$5,550
HDHP-max annual deductible – self/family	\$4,150 / \$8,350
Max annual out-of-pocket – self/family	\$5,500 / \$10,200
Max annual deductible contribution – self/family	\$2,697.50 / \$6,262.50

HEALTH SAVINGS ACCOUNT (HSA-§223)

HDHP-min annual deductible – self/family	\$1,600 / \$3,200
HDHP-max annual out-of-pocket – self/family	\$8,050 / \$16,100
Max annual contribution – self/family	\$4,150 / \$8,300
Catch up contribution (turn age 55 or older during calendar year)	\$1,000

MEDICARE — PREMIUMS

Monthly premium: Part A ¹¹	\$278 – \$505
Monthly premium: Part B ¹²	\$174.70 – \$594
Monthly premium: Part D ¹³	\$12.90 – \$81.00

LTC PER DIEM LIMIT ON TAX-FREE BENEFITS (§7702B)

LTC per diem limit on tax-free benefits (§7702B)	\$410
--	-------

LIMIT ON LTC PREMIUM INCLUDIBLE AS “MEDICAL CARE”

Age 40 or less	\$470
More than 40 but not more than 50	\$880
More than 50 but not more than 60	\$1,760
More than 60 but not more than 70	\$4,710
More than 70	\$5,880

MEDICARE — BENEFITS

Part A	
<i>First 60 days – patient pays a deductible</i>	\$1,632
<i>Next 30 days – patient pays per day</i>	\$408
<i>Maximum of an additional 60 days (per day) (lifetime reserve days)</i>	\$816
Skilled nursing benefits	
<i>First 20 days – patient pays per day</i>	\$0
<i>Next 80 days – patient pays per day</i>	\$204
<i>Over 100 days – patient pays per day</i>	All costs
Part B	
<i>Deductible (per year)</i>	\$240
<i>Co-insurance</i>	20%

- ¹ Phase out begins if modified adjusted gross income ("MAGI") exceeds the lower number. Complete phase-out is reached when MAGI exceeds the upper number.
- ² This consists of as many as three parts: 6.2% for Old-Age, Survivors, and Disability Insurance, 1.45% for Hospital Insurance, and a Medicare surtax of 0.9%. The first part (6.2%) applies only to the \$168,600 wage base; the second part (1.45%) applies to every dollar of wages; the third part (0.9%) applies to all wages above the following thresholds: \$250,000 (married filing jointly), \$200,000 (single and head of household), \$125,000 (married filing separately).
- ³ This consists of as many as three parts: 12.4% for Old-Age, Survivors, and Disability Insurance, 2.9% for Hospital Insurance, and a Medicare surtax of 0.9%. The first part (12.4%) applies only to the \$168,600 self-employment base; the second part (2.9%) applies to every dollar of self-employment income; the third part (0.9%) applies to all self-employment income above the following thresholds: \$250,000 (married filing jointly), \$200,000 (single and head of household), \$125,000 (married filing separately).
- ⁴ The personal exemption has been effectively combined with the standard deduction for tax years 2018 through 2025.
- ⁵ A child subject to the kiddie tax will not be subject to tax on the first \$1,300 of unearned income; will be taxed on the next \$1,300 of unearned income at his or her own tax rate; and any additional unearned income taxed at the parent's top marginal tax rate.
- ⁶ A lower AMT tax rate of 26% applies to married individuals filing separately with alternative minimum taxable income less than \$116,300 and \$232,600 for all others (married filing jointly, single, head of household, surviving spouse, estates and trusts).
- ⁷ The AMT exemption is reduced by 25% of AMTI in excess of the lower amount indicated until the higher amount is reached.
- ⁸ Surtax Rate of 3.8% applies to MAGI in excess of the amounts shown, but not more than net investment income (undistributed net investment income in the case of Estates or Trusts).
- ⁹ Full retirement age is 65 for those born in 1937 or earlier and age 67 for those born in 1960 or later. If you were born in between 1937 and 1960, full retirement age is between age 65 and 67 per Social Security rules. See <http://www.ssa.gov/retire2/retirechart.htm>.
- ¹⁰ Archer MSAs were discontinued, so that generally no new Archer MSAs can be established after 2007, but Archer MSAs created before then may continue with the limitations indicated. For taxpayers with an HDHP deductible below the annual maximum (\$4,150 and \$8,350 for self and family, respectively), the maximum annual contribution will be 65% (self) or 75% (family) of the taxpayer's annual deductible under the individual's HDHP coverage.
- ¹¹ Most do not pay this premium for Part A. For details, see <http://www.medicare.gov/your-medicare-costs/>.
- ¹² Married couples filing jointly with 2022 modified AGI up to \$206,000 (singles and married persons filing separately up to \$103,000) pay \$174.70 monthly (up from \$164.90 last year), while those with higher incomes pay gradually higher premiums up to a maximum of \$594.00 monthly for married filing jointly with income \$750,000 and above (singles \$500,000 and above and married filing separately \$397,000 and above).
- ¹³ In addition to whatever monthly plan premium you pay to your chosen Part D coverage provider, if your MAGI is above a certain limit, you may pay a Part D income-related monthly adjustment amount. Married couples filing jointly with annual MAGI above \$206,000 (singles and married persons filing separately above \$103,000) will pay an additional income-related adjustment (\$12.90 for singles and married filing jointly, and \$74.20 for those married filing separately), while those with higher MAGIs pay gradually higher additional premiums up to a maximum of \$81.00 monthly for married filing jointly with MAGI \$750,000 and above (singles \$500,000 and above, and married filing separately \$397,000 and above).

Merrill, its affiliates and financial advisors do not provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Note: This material is current as of the date specified and is for informational purposes only. It is not a solicitation, or an offer to buy or sell any security or investment product, nor does it consider individual investment objectives or financial situations.

The information in this publication was obtained from sources considered reliable. Its accuracy or completeness is not guaranteed, and providing of this information should not be deemed an offer or solicitation on the part of Bank of America or any of its affiliates with respect to the sale or purchase of securities.

This brief summary is for discussion purposes only since the availability and effectiveness of any strategy are dependent upon your individual facts and circumstances. It does not contain legal, tax, investment, or insurance advice and cannot be relied upon for implementation and/or protection from penalties. Always consult with your independent attorney and tax advisor for legal and tax advice, including the specific interpretation of your documents.

© 2023 Bank of America Corporation. All rights reserved. | MAP5975068 | ADA | 11/2023