

Rethinking Your Retirement Strategies in 2024

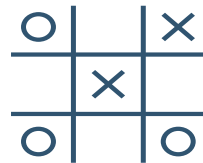
AGENDA



Retirement Contributions



Retirement Distributions



Strategies for 2024

CONTRIBUTIONS



Retirement Savings

- Emergency Savings Accounts
 - Non-highly compensated employees, defined as those earning up to \$150,000 in 2023 may be automatically enrolled at up to 3% of their compensation, but no higher than \$2,500.
 - NHC employees can make after-tax(Roth) contributions, up to 3% or \$2.5k
 - Up to 4 withdrawals/year without tax, penalty, or fee
 - Can rollover to Roth IRA/401(k)
- Matching Student Loan Payments
 - Employers can make plan contributions matching qualified student loan payments
 - Up to the lesser of contribution limit \$23k (2024) or employee's compensation
 - Reduced by employee elective deferrals

Age-Based Catch-Up Contributions

Pushed out to Jan. 1st, 2026 and beyond

- Age 50 or older; wages exceed \$145,000 in the previous calendar year, catch-up contributions required to be Roth (treated as after-tax contributions)
- **Starting January 1, 2025**, Second threshold for additional catch-up contributions ages 60-63
 - \$10k 401(k),403(b),457(b) \$5k SIMPLE IRA/401(k) indexed to inflation
- This is currently in addition to the standard 50 & older catch-up contributions
 - \$7.5k 401(k),403(b),457(b) \$3.5k SIMPLE IRA/401(k) (2024)
 - Catch-ups will be indexed to inflation starting in 2024 for calendar year 2025

2024 IRS Annual Limits

IRS Contribution Limits - 2024			
Discription	2024	2023	Change
Maxiumum Employee Contributions to Defined Contribution Plans	\$ 23,000.00	\$ 22,500.00	\$ 500.00
Annual Catch-up Contributions, Over 50	\$ 7,500.00	\$ 7,500.00	
Total Contribution Limit for DC plans (Employer + Employee)	\$ 69,000.00	\$ 66,000.00	\$ 3,000.00
SIMPLE IRA and SIMPLE 401(k) Contributions	\$ 16,000.00	\$ 15,500.00	\$ 500.00
Traditional and Roth Annual Contirbution Limits *consider MAGI limits	\$ 7,000.00	\$ 6,500.00	\$ 500.00
IRA Catch-up Contributions, Over 50	\$ 1,000.00	\$ 1,000.00	
Defined Benefit Pension Plan Annual Benefit Limit	\$ 275,000.00	\$ 265,000.00	\$ 10,000.00
Health Savings Accounts (Individual)	\$ 4,150.00	\$ 3,850.00	\$ 300.00
Health Savings Accounts (Family)	\$ 8,300.00	\$ 7,750.00	\$ 550.00
Health Savings Accounts Catch-up, age 55 and over	\$ 1,000.00	\$ 1,000.00	
Flexible Spending Accounts	\$ 3,200.00	\$ 3,050.00	
Social Security Taxable Wage Base	\$ 168,600.00	\$ 160,200.00	\$ 8,400.00
Federal Estate and Gift Tax Exemption, Individual	TBD	\$ 12,920,000.00	
Annual Gift Exclusion	TBD	\$ 17,000.00	
Social Security COLA increase	3.20%	8.70%	-5.50%
Qualified Charitable Distribution	\$ 105,000.00	\$ 100,000.00	\$ 5,000.00

DISTRIBUTIONS



Distributions

RMDs (2023/2032)

- 73 between 2023-2032, then 75 in 2033
- RMD penalty decreased from 50% to 25%, to 10% if RMD taken and corrected
- Allows surviving spouse to elect to be treated as the deceased employee for RMDs

Roth RMDs (2024)

- Pre-death Roth RMDs eliminated

QCDs (2024)

- Annual IRA charitable distribution limit \$100k, now indexed to inflation
- One-time \$50k charitable distribution via CRUTs/CRATs/charitable gift annuities

529 Rollover to a Roth IRA (Sec. 126)

- Direct rollovers from 529 plan to Roth IRA
- Beneficiary must have “compensation”
- The 529 plan must have been maintained for 15 years or longer
 - *Unclear exactly how a change in the beneficiary will be treated
- Any contributions to the 529 plan within the last 5 years (and the earnings on those contributions) are ineligible to be moved to a Roth IRA
- Subject to IRA contribution limit, less any 'regular' traditional IRA or Roth IRA contributions, annually
- Roth IRA income limits do NOT apply!
- Maximum lifetime transfer to beneficiary is \$35,000.

INHERITED IRA AFTER 2019: SECURE ACT APPLIES

BENEFICIARY

ELIGIBLE DESIGNATED BENEFICIARY

- Spouses
- Non-spouse, not more than 10 years younger
- Minor Children*
- Certain Trusts**
- Disabled Persons
- Chronically Ill

Stretch Distributions

Distributions spread over beneficiary's single life expectancy

*Minors use 'stretch' RMD rules until age of majority, then 10-year rule applies

NON-ELIGIBLE, DESIGNATED BENEFICIARY

- Non-Spouses
- Certain Trusts**

Account Owner Died BEFORE Required Beginning Date



10 -Year Rule ONLY

Account Owner Died AFTER Required Beginning Date



10 -Year Rule AND Annual 'Stretch' Distributions

NON-DESIGNATED BENEFICIARY

- Certain Trusts**
- Estates
- Charities

Account Owner Died BEFORE Required Beginning Date



5 -Year Rule ONLY

Account Owner Died AFTER Required Beginning Date



5 -Year Rule AND Annual RMDs

**Certain Trusts: [rules outlined by the IRS in Treasury Regulation 1401\(a\)\(9\)-4, Q&A-5](#)

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STRATEGIES



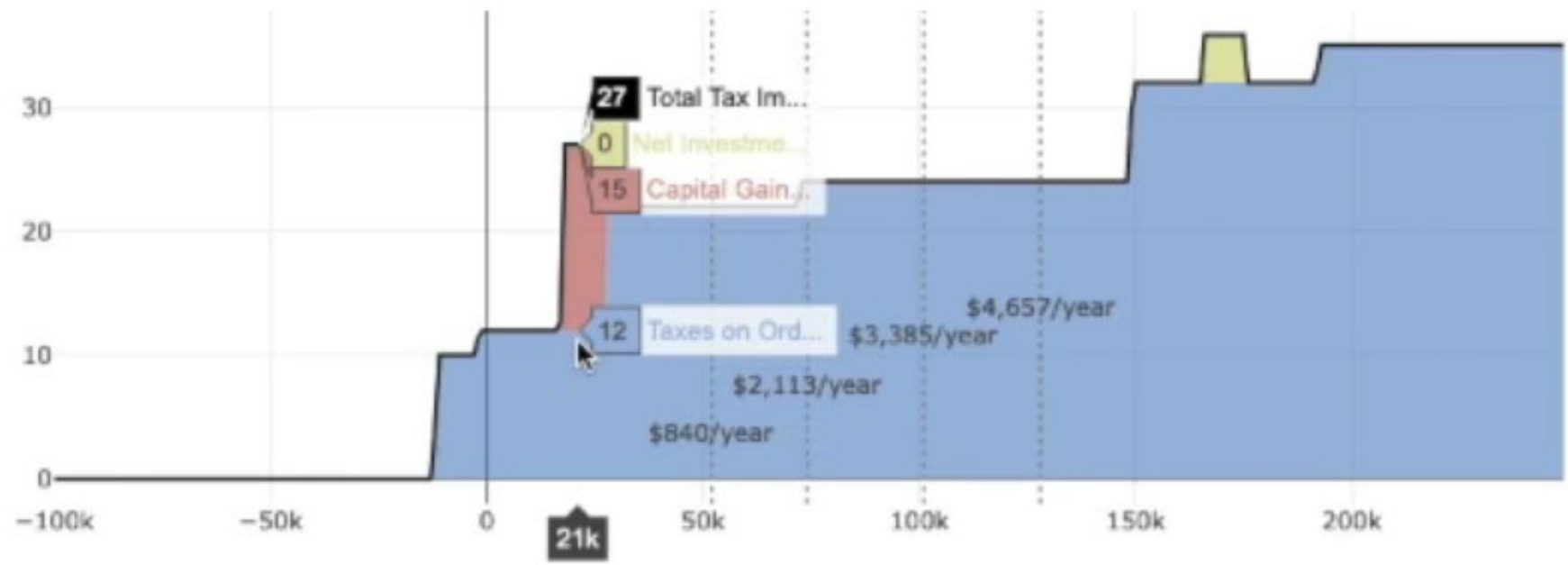
Some IDEAS

- Younger individuals should see if their employer has made the switch to Roth dollars for the match portion
 - ALWAYS try to at least contribute up to your company's match
- Take advantage of the new student loan match option
- Consider backdoor Roth Contributions
- Explore Roth Conversion timing strategies
- If over 50 and over the wage limit, in the required catch-up to Roth bucket, make sure the contributions in 2024 are still in tax-deferred dollars (IF this makes sense for your overall tax strategy)

ORDINARY INCOME

Not as simple as staying below a bracket

Marginal Tax Impact of Incremental Ordinary Income
(Dotted Lines = Medicare Part B/D Annual Increases Per Person)



— Total Tax Impact — Net Investment Income Tax — Capital Gains Taxes — Taxes on Ordinary Income

Roth Conversion Analysis

CLIENT AGES AND TIME HORIZON

CONSIDERS IRMAA + CAP GAINS

QUALIFIED CHARITABLE DISTRIBUTIONS

STATE TAXES AND POSSIBLE TAX CHANGES FROM MOVES

INFLATION AND MARKET ASSUMPTIONS

SPENDING LEVELS TAKEN INTO ACCOUNT

SOCIAL SECURITY INCOME AND TAXATION

ASSET GROWTH RATES

MULTI-YEAR TAX RATE ANALYSIS

CONTROL CONVERSION TAX ALLOCATION

ESTATE AND LEGACY CONSIDERATIONS

CAPTURE TIMING WITH IRREGULAR INCOME STREAMS

STANDARD DEDUCTION UTILIZATION

CHANGES IN CLIENT MARITAL STATUS

Tax Planning

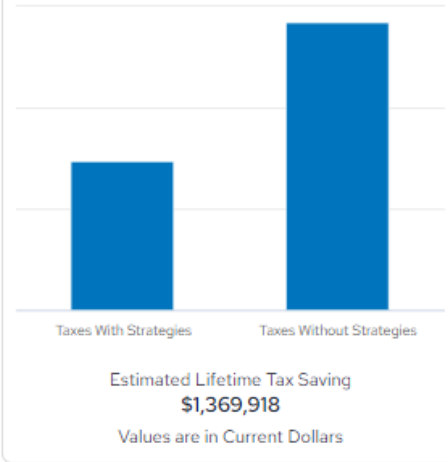
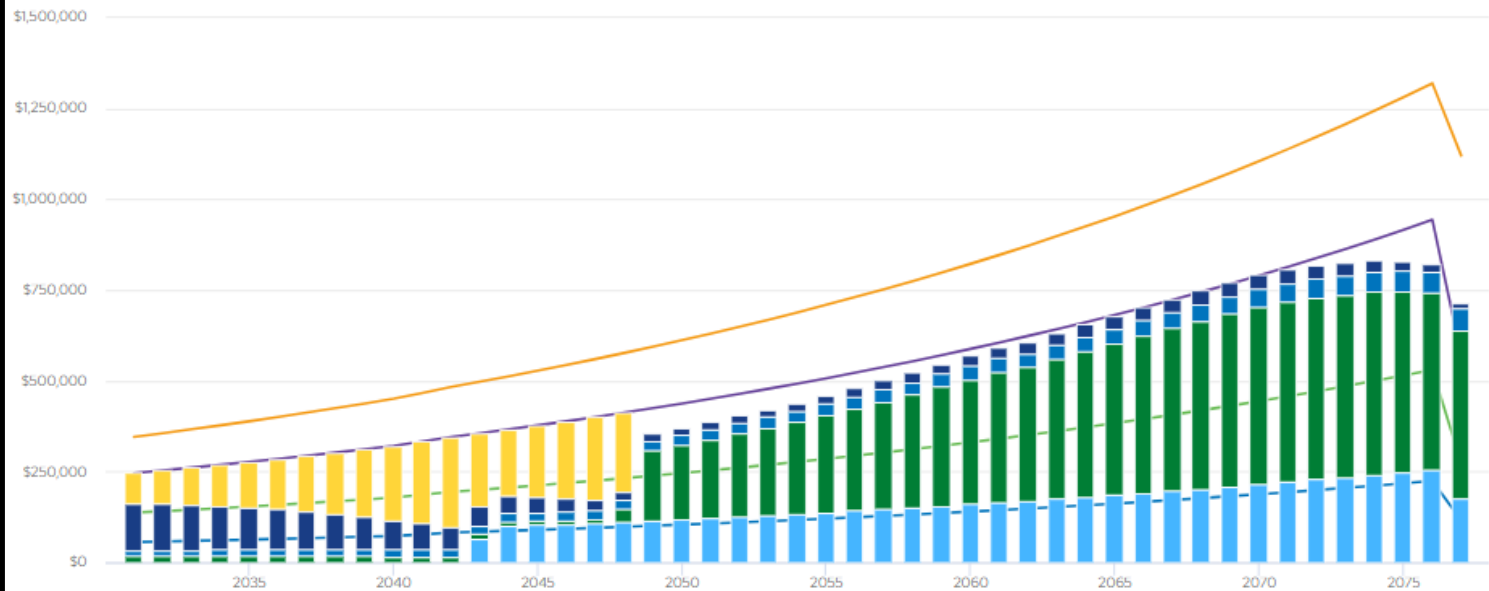
Cash Flow Probability

Return to Recommended ↑

Taxable Income View Taxes View

View: Tax Results

End of Plan Tax Results



Taxable Income Source

- Social Security Income
- RMDs
- Taxable Income
- Strategy Income
- Deferred Compensation
- Retirement Account Withdrawals
- Non-Retirement Account Withdrawals
- Taxable Investment Earnings
- Roth Conversion
- Qualified Distribution

Federal Tax Bracket

- 15%
- 25%
- 28%
- 33%
- 35%
- 39.6%

Combined Details

Strategies

Add Strategy

Roth Conversions

Include	Owner	Description	Conversion Amount	Max Bracket	Start Year	End Year	Edit	Delete
<input checked="" type="checkbox"/>	Tom	Roth Conversions - Tom	Calculated	22%	2031	2048		
<input checked="" type="checkbox"/>	Amber	Roth Conversions - Amber	Calculated	22%	2031	2048		

Breathe. We've got this.



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H.R. 2617 “Consolidated Appropriations Act, 2023” (Congress.gov)

[BILLS-117hr2617enr.pdf \(congress.gov\)](#)

SECURE Act 2.0 provisions can be found in the middle of the 1,653-page bill at pp. 817-940

SECURE 2.0 Section-by-Section Summary (Senate Finance Committee)

https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf

Various Blogs, Analyses (Compiled by National Association of Plan Advisors)

<https://www.napa-net.org/secure-20>