

THE BRIGHT REPORT

A periodical brought to you by Bright Wealth Management



WEALTH MANAGEMENT

4400 State Hwy 121, Ste 400
Lewisville, TX 75056

972-410-6623

brooke.chandler@brightwealthmanagement.com

www.brightwealthmanagement.com

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\$27.6 trillion

Projected U.S. gross domestic product for 2023 in current dollars, based on advance data for the third quarter.

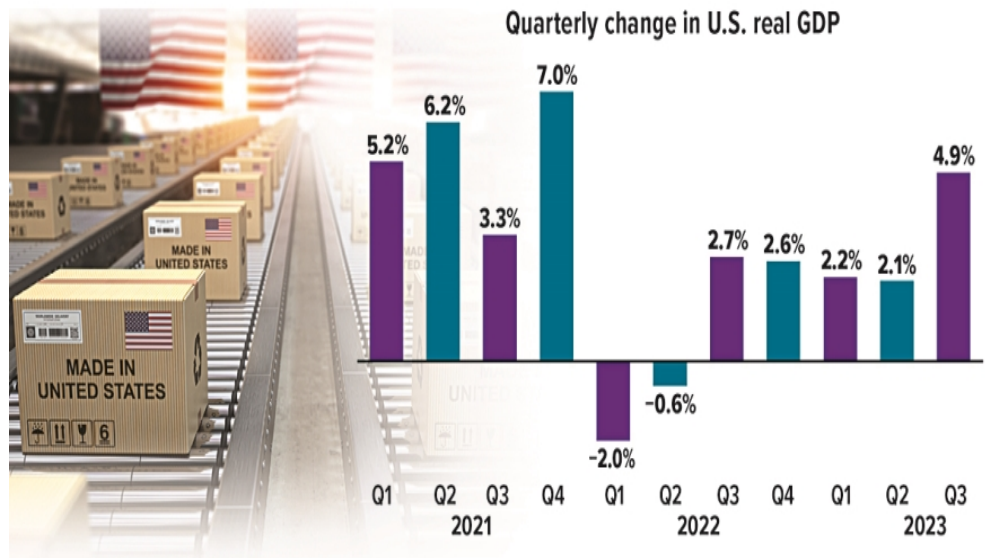
In 2022, current-dollar (nominal) GDP was \$25.7 trillion.

Source: U.S. Bureau of Economic Analysis, 2023

Economy Staying Strong

After a worrisome decline in the first half of 2022 — which sparked fears of a recession — U.S. inflation-adjusted gross domestic product (real GDP) has grown steadily. The third quarter of 2023 showed the strongest growth since the post-pandemic bounceback.

Current-dollar (nominal) GDP measures the total market value of goods and services produced in the United States at current prices. By adjusting for inflation, real GDP provides a more accurate comparison over time, making its rate of change a preferred indicator of the nation's economic health.



Source: U.S. Bureau of Economic Analysis, 2023 (seasonally adjusted at annual rates; Q3 2023 based on advance estimate)

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Key Retirement and Tax Numbers for 2024

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are a few of the key adjustments for 2024.

Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2024 is \$18,000, up from \$17,000 in 2023.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2024 is \$13,610,000, up from \$12,920,000 in 2023.

Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2024, the standard deduction is:

- \$14,600 (up from \$13,850 in 2023) for single filers or married individuals filing separate returns
- \$29,200 (up from \$27,700 in 2023) for married joint filers
- \$21,900 (up from \$20,800 in 2023) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2024 is:

- \$1,950 (up from \$1,850 in 2023) for single filers and heads of households
- \$1,550 (up from \$1,500 in 2023) for all other filing statuses

Special rules apply for an individual who can be claimed as a dependent by another taxpayer.

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is \$7,000 in 2024 (up from \$6,500 in 2023), with individuals age 50 or older able to contribute an additional \$1,000. The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges (see table). For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges (see table). The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges: Contributions to a Roth IRA

	2023	2024
Single/Head of household	\$138,000–\$153,000	\$146,000–\$161,000
Married filing jointly	\$218,000–\$228,000	\$230,000–\$240,000
Married filing separately	\$0–\$10,000	\$0–\$10,000

MAGI Ranges: Deductible Contributions to a Traditional IRA

	2023	2024
Single/Head of household	\$73,000–\$83,000	\$77,000–\$87,000
Married filing jointly	\$116,000–\$136,000	\$123,000–\$143,000

Note: The 2024 phaseout range is \$230,000–\$240,000 (up from \$218,000–\$228,000 in 2023) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is \$0–\$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

Employer-sponsored retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to \$23,000 in compensation in 2024 (up from \$22,500 in 2023); employees age 50 or older can defer up to an additional \$7,500 in 2024 (the same as in 2023).
- Employees participating in a SIMPLE retirement plan can defer up to \$16,000 in 2024 (up from \$15,500 in 2023), and employees age 50 or older can defer up to an additional \$3,500 in 2024 (the same as in 2023).

Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above \$2,600 in 2024 (up from \$2,500 in 2023) is taxed using the parents' tax rates.