



# Marc M. Asheghian Company, Inc.

Certified Public Accountants and Consultants

*December 2, 2024*

Dear Valued Client,

As we approach the end of 2024, it's an opportune time to review your financial situation and implement strategies to optimize your tax position. This year has introduced several tax law changes and adjustments that may impact your planning. Below, we outline key considerations and actionable steps to help you navigate the current tax landscape effectively.

## 1. Adjustments to Tax Brackets and Standard Deductions

The IRS has adjusted tax brackets and standard deductions for inflation in 2024:

- **Standard Deduction Increases:**
  - Married couples filing jointly: \$29,200 (up from \$27,700 in 2023).
  - Single taxpayers and married individuals filing separately: \$14,600 (up from \$13,850).
  - Heads of households: \$21,900 (up from \$20,800).

These adjustments may affect your taxable income and withholding requirements.

## 2. Retirement Contribution Limits

Maximizing contributions to retirement accounts can provide significant tax benefits:

- **401(k), 403(b), and 457 Plans:**
  - Contribution limit: \$23,000.
  - Catch-up contribution (age 50 and over): Additional \$7,500.
- **Traditional and Roth IRAs:**
  - Contribution limit: \$7,000.
  - Catch-up contribution (age 50 and over): Additional \$1,000.

Consider contributing the maximum allowable amounts to reduce your taxable income.

## 3. Charitable Contributions

Charitable giving can provide both philanthropic satisfaction and tax deductions:

- **Qualified Charitable Distributions (QCDs):**

- Individuals aged 70½ or older can donate up to \$100,000 directly from IRAs to qualified charities, excluding the distribution from taxable income.
- **Cash Contributions:**
  - Deductions for cash contributions to public charities are generally limited to 60% of adjusted gross income (AGI).

Ensure contributions are made by December 31 to qualify for 2024 deductions.

#### 4. Capital Gains and Losses

Review your investment portfolio to manage capital gains and losses:

- **Tax-Loss Harvesting:**
  - Offset capital gains by realizing losses on underperforming investments.
  - Up to \$3,000 of net capital losses can offset ordinary income annually.
- **Rebalancing:**
  - Adjust your portfolio to maintain desired asset allocations, considering tax implications of sales.

Be mindful of the "wash sale" rule, which disallows the deduction of a loss if a substantially identical security is purchased within 30 days before or after the sale.

#### 5. Health Savings Accounts (HSAs)

If you have a high-deductible health plan, contributing to an HSA offers triple tax advantages:

- Contributions are tax-deductible.
- Earnings grow tax-free.
- Qualified medical expenses can be paid tax-free.

For 2024, the contribution limits are:

- Self-only coverage: \$4,150.
- Family coverage: \$8,300.
- Additional catch-up contribution (age 55 and over): \$1,000.

Contributions can be made until April 15, 2025, for the 2024 tax year.

#### 6. Estate and Gift Tax Considerations

The lifetime gift and estate tax exemption has increased due to inflation adjustments:

- Individual exemption: \$13.6 million.
- Annual gift tax exclusion: \$18,000 per recipient.

Strategic gifting can reduce your taxable estate and potentially lower future estate taxes.

## **7. Review of Tax Credits**

Ensure eligibility for available tax credits:

- **Child Tax Credit:**
  - Up to \$2,000 per qualifying child under age 17.
- **Education Credits:**
  - American Opportunity Tax Credit and Lifetime Learning Credit for qualified education expenses.

These credits can directly reduce your tax liability.

## **8. Required Minimum Distributions (RMDs)**

Individuals aged 73 or older must take RMDs from traditional IRAs and employer-sponsored retirement plans:

- Failure to take the full RMD by December 31 may result in a 50% excise tax on the amount not distributed.

Consider the tax impact of distributions and explore strategies like QCDs to satisfy RMD requirements.

## **9. Planning for Potential Tax Law Changes**

Stay informed about potential legislative changes that could impact your tax situation:

- Proposed extensions or modifications to expiring tax provisions.
- Adjustments to tax rates and brackets.

We will keep you updated on relevant developments and advise on necessary adjustments to your tax planning strategies.

## **10. Professional Consultation**

Tax planning is complex and unique to each individual's circumstances. We recommend scheduling a consultation to develop a personalized strategy that aligns with your financial goals and ensures compliance with current tax laws.

Please contact our office at your earliest convenience to arrange an appointment. We are committed to assisting you in navigating the year-end tax planning process and optimizing your financial well-being.

Wishing you a prosperous and financially sound year ahead.

Sincerely,

Marc M. Asheghian Company, Inc.  
Certified Public Accountants

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