

The Internal Revenue Service recently released updated income tax brackets, standard deduction, and retirement contribution limits for the 2024 tax year. While these taxes are not due for some time, it may benefit you to start thinking ahead.

Overall, more than 60 provisions have changed. Here are a few of the most critical tax bracket and retirement contribution limit changes.

Tax Bracket Inflation Adjustment: Overall, tax brackets have been adjusted upwards by 5.4% for 2024. The primary purpose of this adjustment is to account for inflation, which is based on the Consumer Price Index. The government's goal is to keep income taxes in sync with consumer buying power.

Standard Deduction: The standard deduction has increased to \$29,200 for married couples filing jointly, up \$1,500 from the previous year. For single filers, this number increased by \$750 to \$14,600.

Individual Retirement Accounts (IRAs): IRA contribution limits are up \$500 in 2024 to \$7,000. Catch-up contributions for those over age 50 remained at \$1,000, bringing the total limit to \$8,000.

Roth IRAs: The income phase-out range for Roth IRA contributions increased by \$8,000 to \$146,000-\$161,000 for single filers and heads of household. For married couples filing jointly, phase-out will be \$230,000 to \$240,000 (a \$12,000 increase). Married individuals filing separately see their phase-out range remain at \$0-10,000.

Workplace Retirement Accounts: Those with 401(k), 403(b), 457 plans, and similar accounts will see a \$500 increase for 2024, bringing the total maximum contribution amounts to \$23,000. The catch-up contribution for those aged 50 and older remains at \$7,500, bringing their total limit to \$30,500.

Gift Tax: The annual gift tax exclusion is now \$18,000 for 2024, an increase of \$1,000 from the previous year.

Remember that we provide updates for informational purposes only, so consult with your tax professional before making any changes in anticipation of the new 2024 levels. You can also contact our office, and we can provide information about the pending changes.

Just a quick reminder, you still have time to contribute to your Roth IRA's and IRA's for 2023.

The deadline is Tax Day, Monday, April 15th 2024.

A November to Remember



Solid gains for both stocks and bonds gave investors a November to remember. As financial markets continue to defy skeptics, we're reminded of a quote from Warren Buffett's long-time partner and one of the greatest investors of our time, Charlie Munger, who passed away last week. "The world is full of foolish gamblers, and they will not do as well as the patient investors." We couldn't agree more at LPL Research. Patient investors have been rewarded in 2023 and will continue to be.

Increasing confidence in a soft landing for the U.S. economy has shifted the focus away from rate hikes and toward eventual cuts, helping to pull long-term interest rates down and encouraging market participants to pay higher prices for stocks relative to expected earnings.

A good start to holiday shopping season supports the soft-landing narrative. Online sales since Black Friday are up 5% over the same period last year according to Adobe. Lower prices at the pump, falling goods prices, higher stock values, and rising wages should help keep the momentum going.

The other key piece of the soft-landing equation, inflation, is well on its way to the Federal Reserve's 2% target. Remarkably, the preferred inflation measure, the core personal consumption expenditures (PCE) deflator, rose at just a 2.2% annualized pace over the past three months, down from 5.3% in the year prior.

Looking ahead, we think the combination of corporate America's solid fundamental foundation and the support from lower interest rates sets the stage for more stock gains in the coming year. The slowing economy will help ease inflation. Less inflation will help promote interest-rate stability. And earnings are entering their sweet spot following an excellent third quarter earnings season.

Sure there are risks. Some of the impact of higher rates is yet to come. Consumers have drawn down most of their excess savings. U.S. government debt is getting more expensive. Wars overseas have heightened geopolitical risk ahead of what will likely be a divisive 2024 U.S. presidential election.

But as Mr. Munger told us, patience will be rewarded. No one knows exactly what will happen through the end of the year, but history shows that stocks tend to produce above-average gains in December and rise much more often than they fall—even after strong gains the month prior. This would be a fitting end to what's truly been a remarkable year.

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Happy Holidays



We would like to wish you and your loved ones a very Merry Christmas & a Happy New Year!

May the tangible and intangible gifts of the season warm your heart, and may your family and friends make the celebration exceptionally warm and bright.

We have really enjoyed having the opportunity to serve as your financial professionals; We regard your trust in us as a great gift. As we conclude this note, we want to assure you that we will be here for you during this season and for many seasons to follow.

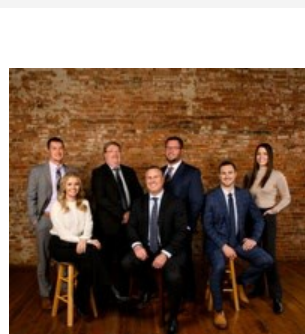
May the days ahead be filled with wonderful surprises, good cheer, and rich memories that linger long after the season is gone.

Wishing you a wonderful holiday season.

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