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## 2024 tax planning tables



Investment and Insurance Products:

• NOT FDIC Insured • NO Bank Guarantee • MAY Lose Value

# 2024 important deadlines

## Last day to ...

### January 16

- Pay fourth-quarter 2023 federal individual estimated income tax

### January 26

- Buy in to close a short-against-the-box position (regular-way settlement) for 2023

### April 15

- Pay first-quarter 2024 federal individual estimated income tax
- File 2023 federal individual income tax return (or make payment with extension)
- Make 2023 contribution to Traditional IRA, Roth IRA, Health Savings Account (HSA), or Coverdell Education Savings Account (ESA)

### June 17

- Pay second-quarter 2024 federal individual estimated income tax

### September 16

- Pay third-quarter 2024 federal individual estimated income tax

### October 15

- File 2023 federal individual income tax return subject to automatic extensions

### November 29

- Double up to avoid violating the “wash sale” rule

### December 31

- Sell stock or listed options to realize a gain or loss
- Take 2024 RMDs from Traditional IRAs and most qualified plans if required
- Complete a Roth IRA conversion
- Complete a 529 plan contribution
- Sell shares acquired through the 2024 exercise of incentive stock options (ISOs) in disqualifying disposition to limit Alternative Minimum Tax (AMT) exposure
- Deadline for completion of gifts for the current calendar year (charitable or other)

# 2024 income tax rate schedules

## Information accurate as of December 15, 2023

### Married taxpayer filing jointly/surviving spouse

If taxable income <sup>1</sup> is:	The tax is:
\$0 – \$23,200	10% of the taxable income
\$23,200 – \$94,300	\$2,320.00 + 12% of excess over \$23,200
\$94,300 – \$201,050	\$10,852.00 + 22% of excess over \$94,300
\$201,050 – \$383,900	\$34,337.00 + 24% of excess over \$201,050
\$383,900 – \$487,450	\$78,221.00 + 32% of excess over \$383,900
\$487,450 – \$731,200	\$111,357.00 + 35% of excess over \$487,450
\$731,200 or more	\$196,669.50 + 37% of excess over \$731,200

### Single Taxpayer

If taxable income <sup>1</sup> is:	The tax is:
\$0 – \$11,600	10% of the taxable income
\$11,600 – \$47,150	\$1,160.00 + 12% of excess over \$11,600
\$47,150 – \$100,525	\$5,426.00 + 22% of excess over \$47,150
\$100,525 – \$191,950	\$17,168.50 + 24% of excess over \$100,525
\$191,950 – \$243,725	\$39,110.50 + 32% of excess over \$191,950
\$243,725 – \$609,350	\$55,678.50 + 35% of excess over \$243,725
\$609,350 or more	\$183,647.25 + 37% of excess over \$609,350

### Head of household

If taxable income <sup>1</sup> is:	The tax is:
\$0 – \$16,550	10% of the taxable income
\$16,550 – \$63,100	\$1,655.00 + 12% of excess over \$16,550
\$63,100 – \$100,500	\$7,241.00 + 22% of excess over \$63,100
\$100,500 – \$191,950	\$15,469.00 + 24% of excess over \$100,500
\$191,950 – \$243,700	\$37,417.00 + 32% of excess over \$191,950
\$243,700 – \$609,350	\$53,977.00 + 35% of excess over \$243,700
\$609,350 or more	\$181,954.50 + 37% of excess over \$609,350

### Married taxpayer filing separately

If taxable income <sup>1</sup> is:	The tax is:
\$0 – \$11,600	10% of the taxable income
\$11,600 – \$47,150	\$1,160.00 + 12% of excess over \$11,600
\$47,150 – \$100,525	\$5,426.00 + 22% of excess over \$47,150
\$100,525 – \$191,950	\$17,168.50 + 24% of excess over \$100,525
\$191,950 – \$243,725	\$39,110.50 + 32% of excess over \$191,950
\$243,725 – \$365,600	\$55,678.50 + 35% of excess over \$243,725
\$365,600 or more	\$98,334.75 + 37% of excess over \$365,600

<sup>1</sup> Taxable income is income after all deductions (including either itemized or standard deduction).

## Standard deductions

Married/joint	Single	Head of household	Married/separate	Dependents
\$29,200	\$14,600	\$21,900	\$14,600	\$1,300

For dependents with earned income, the deduction is the greater of \$1,300 or earned income + \$450 (up to \$14,600).

## Additional standard deductions

Married, age 65 or older or blind	\$1,550 <sup>2</sup>
Married, age 65 or older and blind	\$3,100 <sup>2</sup>
Unmarried, age 65 or older or blind	\$1,950
Unmarried, age 65 or older and blind	\$3,900

<sup>2</sup> per person

## Capital gains and losses and dividends

	Long-term capital gain rate (longer than one year)		
	0% <sup>3</sup>	15% <sup>3</sup>	20% <sup>3</sup>
Single	\$0 – \$47,025	\$47,026 – \$518,900	\$518,901 +
Married filing jointly and surviving spouse	\$0 – \$94,050	\$94,051 – \$583,750	\$583,751 +
Head of household	\$0 – \$63,000	\$63,001 – \$551,350	\$551,351 +
Married filing separately	\$0 – \$47,025	\$47,026 – \$291,850	\$291,851 +
Trusts and estates	\$0 – \$3,150	\$3,151 – \$15,450	\$15,451+

<sup>3</sup> Determine your capital gain bracket(s) by adding your net long-term capital gains and/or qualified dividends to your other taxable income net of deductions. Multiple tax rates may apply since rates are progressive.

For example, assume a joint filer has net taxable income of \$100,000 which includes \$20,000 in net long-term capital gain. The first \$14,050 of the gain falls within the 0% rate threshold of \$94,050 and will be taxed at 0%; while the remaining \$5,950 of long-term capital gain is above the \$94,050 threshold and will be taxed at 15%.

Short-term capital gain rate (one year or less)	Taxed at ordinary income tax rate.
Dividends	Qualified dividends are taxed at the long-term capital gain rates. Nonqualified dividends are taxed at ordinary income tax rates.

Higher rates apply to collectibles and unrecaptured §1250 gain. Consult your tax advisor about how they apply to your situation.

## Netting capital gains and losses

1. Net short-term gains and short-term losses.
2. Net long-term gains and long-term losses.
3. Net short-term against long-term.
4. Deduct up to \$3,000 of excess losses against ordinary income per year.
5. Carry over any remaining losses to future tax years.

## Alternative Minimum Tax (AMT)

### Tax brackets

AMT income	Tax
Up to \$232,600 <sup>4</sup>	26%
Over \$232,600	28%

<sup>4</sup> \$116,300 if married filing separately

### AMT exemption

	Exemption	Phased out on excess over
Married filing joint and surviving spouse	\$133,300	\$1,218,700
Unmarried individual	\$85,700	\$609,350
Married filing separately	\$66,650	\$609,350
Trusts and estates	\$29,900	\$99,700

## Education planning

### Coverdell Education Savings Account (ESA)

- Maximum nondeductible contribution is \$2,000 per child, per year.
- Maximum contribution amount is lowered if a contributor's modified adjusted gross income (MAGI) is between:
  - \$95,000 and \$110,000 for individual filers
  - \$190,000 and \$220,000 for joint filers
- No contributions can be made if contributor's MAGI exceeds the stated limits or the beneficiary is age 18 or older. Special needs beneficiaries are allowed contributions beyond age 18.
- Interest, dividends, and capital gains grow tax-deferred and may be distributed federal-income-tax free as long as the money is used to pay qualified education expenses.

### 529 plans

- Earnings accumulate tax-deferred; qualified withdrawals may be federal income-tax-free.
- State-tax incentives available in some states.
- Contributions up to \$90,000 (single) and \$180,000 (married couples) allowed in one year without a reduction in the applicable gift/estate tax exclusion (see page 15). No additional gifting in the current year or next four years without incurring potential gift tax implications.

*Please consider the investment objectives, risk, charges, and expenses carefully before investing in a 529 savings plan. The official statement for a specific plan, which contains this and other information, can be obtained by calling your financial advisor. Read it carefully before you invest.*

## American Opportunity Credit

Maximum credit	\$2,500 per student for first four years of qualified expenses paid
<b>MAGI phaseouts:</b>	
Married filing jointly	\$160,000 – \$180,000
Single filer	\$80,000 – \$90,000

## Lifetime Learning Credit

Maximum credit	20% of first \$10,000 (per tax return) of qualified expenses paid in the tax year
<b>MAGI phaseouts:</b>	
Married filing jointly	\$160,000 – \$180,000
Single filer	\$80,000 – \$90,000

## Exclusion of U.S. Savings Bond interest

<b>MAGI phaseouts:</b>	
Married filing jointly	\$145,200 – \$175,200
Others	\$96,800 – \$111,800

Bonds must be titled in name(s) of taxpayer(s) only. Owner must be age 24 or older at time of issue. Must be Series EE issued after 1989 or any Series I bonds. Proceeds must be used for qualified postsecondary education expenses of the taxpayer, spouse, or dependent.

## Student loan interest deduction

Maximum deduction	\$2,500
<b>MAGI phaseouts:</b>	
Married filing jointly	\$165,000 – \$195,000
Others	\$80,000 – \$95,000

## Kiddie tax

Children who have not reached the age of 19 by the end of the tax year are subject to the “kiddie tax” rules. If the child continues to be a full-time student, the rules apply until he or she turns age 24. If a child is age 18 or older and provides more than half of his or her own support, the kiddie tax rules do not apply. The following tax rate schedule will apply (assumes no earned income).

Unearned income	Tax treatment
Less than \$1,300	No tax
\$1,300 – \$2,600	Taxed at child's rate
More than \$2,600	Taxed at the higher of the parents' top marginal rate or the child's tax rate

## Estimated annual college costs

	Public	Private
2024	\$25,280	\$57,440
2029	\$28,602	\$67,238
2034	\$32,361	\$78,707
2039	\$36,613	\$92,132

Total yearly costs for in-state tuition, fees, books, and room and board (transportation and miscellaneous expenses not included). Base is 2023 – 2024 school year. Costs for all future years projected by Wells Fargo Advisors in November 2023 assuming a 2.5% national average increase per year for public and 3.2% for private (based on a 10-year historical average).

Source: Trends in College Pricing and Student Aid. collegeboard.org

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## Retirement accounts

### Traditional and Roth IRA

Maximum contribution (per individual if under age 50)	Maximum contribution (per individual if age 50 or older within a particular tax year)
The lesser of \$7,000 or total compensation for the year	The lesser of \$8,000 or total compensation for the year

- The tax filing deadline for individuals is the last day to establish and/or make contributions — extensions do not apply.
- The total contribution to all of your Traditional and Roth IRAs cannot be more than the annual maximum for your age or 100% of earned income, whichever is less.
- There is no maximum age for making IRA contributions, as long as you, or your spouse if filing jointly, has earned income and meet other eligibility requirements.
- Roth IRA contributions are not tax-deductible.
- If you are a designated beneficiary of a 529 plan, you may be eligible to have a direct rollover contribution made on your behalf from your 529 plan to a Roth IRA if certain conditions are met:
  - 529 must have been maintained for 15 years
  - May not exceed the aggregate of contributions (and earnings attributable thereto) made more than five years before the date of the rollover.
  - May not exceed \$35,000 lifetime limit
  - Are subject to annual Roth IRA contribution limits
  - The Roth IRA owner must have earned income at least equal to the amount of the rollover. MAGI limits do not apply.

Since these rules are new in 2024 and complex, contact your tax advisor for details.

## Traditional IRA deductibility limits

- Full deduction if you and if married your spouse, are not covered<sup>5</sup> by a workplace retirement plan (WRP), such as a 401(k), 403(b), SEP IRA, or SIMPLE IRA regardless of income.
- Individual covered<sup>5</sup> by a WRP, deductions are phased out based upon marital status and Modified Adjusted Gross Income (MAGI):

Married/joint	Single/HH <sup>6</sup>	Deduction
Up to \$123,000	Up to \$77,000	Full
\$123,000 – \$143,000	\$77,000 – \$87,000	Partial
\$143,000 or more	\$87,000 or more	None

- If your spouse is covered<sup>5</sup> by a WRP, but you are not, your deductions are phased out based upon MAGI:

Married/joint	Married/separate <sup>7</sup>	Deduction
Up to \$230,000	N/A	Full
\$230,000 – \$240,000	Up to \$10,000	Partial
\$240,000 or more	\$10,000 or more	None

## Roth IRA contribution phase-out limits

- Contributions are subject to the following MAGI limits:

Married/joint	Married/separate <sup>7</sup>	Single/HH <sup>6</sup>	Contribution
Up to \$230,000	N/A	Up to \$146,000	Full
\$230,000 – \$240,000	Up to \$10,000	\$146,000 – \$161,000	Partial
\$240,000 or more	\$10,000 or more	\$161,000 or more	None

<sup>5</sup> The “Retirement Plan” box in Box 13 of your W-2 tax form should be checked if you were covered by a WRP.

<sup>6</sup> HH stands for Head of Household.

<sup>7</sup> Your filing status is considered single for IRA contribution purposes if you did not live with your spouse during the tax year.

## 401(k), 403(b), Gov’t 457(b) plan contribution limits

Employee maximum deferral contributions	Catch-up contribution (if age 50 or older)
\$23,000	\$7,500

Combined limit for designated Roth account and pretax 401(k), or 403(b) deferral contributions is \$23,000 for those younger than 50 and \$30,500 for those 50 and older within a particular tax year.

## SEP, SIMPLE IRAs, and other retirement limits

Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$16,000
Catch-up contribution for SIMPLE IRA and SIMPLE 401(k) plans (if age 50 or older)	\$3,500
Maximum annual defined contribution plan limit	\$69,000
Maximum compensation for calculating qualified plan contributions	\$345,000
Maximum annual defined benefit limit	\$275,000
Threshold for highly compensated employee	\$155,000
Threshold for key employee in top-heavy plans	\$220,000
Maximum SEP contribution is lesser of limit or 25% of eligible income	\$69,000

## Uniform Life Expectancy Table

Age	Divisor	Age	Divisor
73	26.5	91	11.5
74	25.5	92	10.8
75	24.6	93	10.1
76	23.7	94	9.5
77	22.9	95	8.9
78	22.0	96	8.4
79	21.1	97	7.8
80	20.2	98	7.3
81	19.4	99	6.8
82	18.5	100	6.4
83	17.7	101	6.0
84	16.8	102	5.6
85	16.0	103	5.2
86	15.2	104	4.9
87	14.4	105	4.6
88	13.7	106	4.3
89	12.9	107	4.1
90	12.2	108	3.9

Source: Internal Revenue Service (IRS), April 2023

## Qualified Charitable Distributions (QCD)

IRA owners and beneficiaries who are age 70 ½ or older can take advantage of QCDs. You may distribute up to \$105,000 per year, indexed annually for inflation, directly from your Traditional IRA or Traditional Inherited IRA to a qualifying charity with no federal tax consequences. You are able to make a one-time \$53,000 QCD paid directly from your IRA to certain split-interest entities that qualify. The \$53,000, indexed for inflation, is part of the QCD annual limit. QCDs may satisfy all or part of your RMD or exceed it.

## Social Security benefits

### Earnings test

The earnings test indicates the level of earnings permissible for Social Security benefits recipients without incurring a reduction of benefits. These limits are indexed to increases in national earnings.

Worker younger than full retirement age	\$22,320
Year worker reaches full retirement age (applies only to earnings for months prior to attaining full retirement age)	\$59,520
Worker at full retirement age	No limit

## Maximum monthly benefit: \$3,822

This benefit is for an individual who reaches full retirement age in 2024 and earns at least the maximum wage base amount for the best 35 years.

Information provided by the Social Security Administration.

## Taxation thresholds

Up to a certain percentage of an individual's Social Security benefits is subject to taxation when his or her provisional income<sup>8</sup> exceeds certain threshold amounts:

	Up to 50% taxed	Up to 85% taxed
Married/joint	\$32,000 – \$44,000	More than \$44,000
Single	\$25,000 – \$34,000	More than \$34,000
Married filing separately		85% taxable <sup>9</sup>

<sup>8</sup> Provisional income generally includes modified adjusted gross income (MAGI) plus nontaxable interest and one-half of Social Security benefits.

<sup>9</sup> There is an exception to this rule if you lived apart from your spouse for the entire year. Consult your tax advisor for more information.

## Social Security tax rates

Maximum wage base for Social Security	\$168,600
Employee	6.20%
Employer	6.20%
Self-employed	12.40%

## Medicare tax rates

### Thresholds

Single	\$200,000
Married/joint	\$250,000
Married/separate	\$125,000
Trust/estate	\$15,200

The thresholds above are applicable to additional information referenced on page 14.

	Below threshold	Above threshold
<b>Tax rate on employee compensation</b>		
<i>Compare thresholds to Medicare wages as reported on IRS Form W-2</i>		
Employee's tax rate	1.45%	2.35% <sup>10</sup>
Employer's tax rate	1.45%	1.45%
<b>Tax rate on self-employment income</b>		
<i>Compare threshold to net self-employment income as determined on IRS Form 1040 Schedule SE</i>		
Owner's rate	2.90%	3.80% <sup>10</sup>
<b>Tax rate on net investment income</b>		
<i>Compare threshold to MAGI</i>		
Investor's tax rate	0.00%	3.80%

<sup>10</sup> Includes the 0.9% Medicare surtax.

## Health and long-term care

### Long-term care deduction for medical care<sup>11</sup>

Age attained before the close of the taxable year	Limit on premiums
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

<sup>11</sup> Limitations apply based on type of taxpayer. You should consult your tax advisor regarding your situation.

### Health Savings Account (HSA) limits

Maximum contribution	
Single	Family
\$4,150	\$8,300
<i>\$1,000 catch-up contribution allowed per individual age 55 or older</i>	
Minimum health insurance plan deductible	
Single	Family
\$1,600	\$3,200
Maximum out-of-pocket expenses	
Single	Family
\$8,050	\$16,100

## Estate, gift, and generation-skipping transfer tax

### Gift tax annual exclusion

#### \$18,000

An individual can give up to \$18,000 per person per year to any number of beneficiaries (family or nonfamily) without paying gift tax or "using up" any available applicable exclusion amount.

### Estate and gift tax — basic exclusion

#### \$13,610,000

Estate or gift taxes apply to the extent that your cumulative transfers (lifetime exclusion gifts plus the taxable estate at death) exceed your applicable exclusion.

Your applicable exclusion consists of your \$13,610,000 basic exclusion plus any "unused" exclusion received from a spouse who predeceased you.

**Portability:** The election to transfer unused exclusion to a surviving spouse is made by filing an estate tax return. The filing deadline is 9 months after death for taxable estates, or 5 years after death if a return is filed solely to elect portability. (Election is only available if the first spouse died after 12/31/2010.)

## Generation-skipping transfer (GST) tax exemption

**\$13,610,000**

### Estate, gift, and GST tax rate

**40%**

Applies to transfers in excess of the applicable exclusion/GST exemption.

## Federal trust and estate income tax

### Tax rates<sup>12</sup>

If taxable income is:	The tax is:
\$0 – \$3,100	10% of the taxable income
\$3,100 – \$11,150	\$310.00 + 24% of excess over \$3,100
\$11,150 – \$15,200	\$2,242.00 + 35% of excess over \$11,150
\$15,200 or more	\$3,659.50 + 37% of excess over \$15,200

<sup>12</sup> See page 5 for corresponding capital gain and qualified dividend rates.

## Corporate income tax

- Tax rate — 21%
- A 15% Alternative Minimum Tax is effective for corporations with an average adjusted financial statement income of \$1 billion over a three year period.

Note: There are no special federal capital gains rates for corporations. For corporations, capital losses are deductible only against capital gains.

## Wells Fargo suggested spending guidelines

Mortgage payments	Not to exceed 28% of gross (pretax) income
Combined monthly debt	Not to exceed 36% of monthly gross (pretax) income

## Compounding

### At hypothetical rates of return

4%					
Monthly investment		5 years	10 years	20 years	30 years
\$50	Amount invested	\$3,000	\$6,000	\$12,000	\$18,000
	Value	\$3,326	\$7,387	\$18,400	\$34,818
\$100	Amount invested	\$6,000	\$12,000	\$24,000	\$36,000
	Value	\$6,652	\$14,774	\$36,800	\$69,636
\$500	Amount invested	\$30,000	\$60,000	\$120,000	\$180,000
	Value	\$33,260	\$73,870	\$183,998	\$348,181
\$1,000	Amount invested	\$60,000	\$120,000	\$240,000	\$360,000
	Value	\$66,520	\$147,741	\$367,997	\$696,363

6%					
Monthly investment		5 years	10 years	20 years	30 years
\$50	Amount invested	\$3,000	\$6,000	\$12,000	\$18,000
	Value	\$3,506	\$8,235	\$23,218	\$50,477
\$100	Amount invested	\$6,000	\$12,000	\$24,000	\$36,000
	Value	\$7,012	\$16,470	\$46,435	\$100,954
\$500	Amount invested	\$30,000	\$60,000	\$120,000	\$180,000
	Value	\$35,059	\$82,349	\$232,176	\$504,769
\$1,000	Amount invested	\$60,000	\$120,000	\$240,000	\$360,000
	Value	\$70,119	\$164,699	\$464,351	\$1,009,538

8%					
Monthly investment		5 years	10 years	20 years	30 years
\$50	Amount invested	\$3,000	\$6,000	\$12,000	\$18,000
	Value	\$3,698	\$9,208	\$29,647	\$75,015
\$100	Amount invested	\$6,000	\$12,000	\$24,000	\$36,000
	Value	\$7,397	\$18,417	\$59,295	\$150,030
\$500	Amount invested	\$30,000	\$60,000	\$120,000	\$180,000
	Value	\$36,983	\$92,083	\$296,474	\$750,148
\$1,000	Amount invested	\$60,000	\$120,000	\$240,000	\$360,000
	Value	\$73,967	\$184,166	\$592,947	\$1,500,295

Values shown are based on investments made at the beginning of each month, compounded monthly, and do not reflect the return of any particular investment. These tables are for illustrative purposes only and do not reflect the effects of taxes or transaction costs.

# How a Wells Fargo professional can help

Connect with a Wells Fargo professional as a resource for a variety of strategies in the areas of portfolio management, tax planning, preparing for retirement, education funding, estate planning, cash flow management, and asset protection.

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