2024 FINANCIAL PLANNING GUIDE

CHATHAM CAPITAL GROUP

NOTEWORTHY FOR 2024

- Retirement Plans Contributions
  - 401(k) / 403(b) / 457(b) salary deferral limits increase to $23,000.
  - 401(k) / 403(b) / 457(b) age 50+ catch-up contributions limit increases to $7,500.

- IRA Contributions
  - IRA / Roth IRA contributions $7,000.
    IRA / Roth IRA age 50+ catch-up contribution limit increases to $1,000.

- The Tax Cuts and Jobs Act (TCJA), enacted in 2017, is set to expire by the end of 2025. This legislation lowered tax rates for individuals, capital gains, corporations, trusts, and more. The outcome of the November 2024 elections will play a crucial role in determining whether and to what extent new legislation replaces the existing law.

2024 FEDERAL TAX BRACKETS

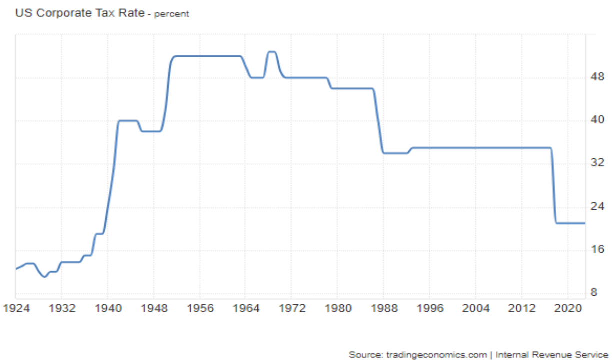
Taxable Income (Joint Filers)	**Taxable Income** (Single Filers)	**Income Tax Rate**
$0 to $23,200	$0 to $16,000	10%
$23,201 to $94,300	$11,601 to $47,150	12%
$94,301 to $201,050	$47,151 to $100,525	22%
$201,051 to $383,900	$100,526 to $191,950	24%
$383,901 to 487,450	$191,951 to $243,725	32%
$487,451 to $731,200	$243,726 to $609,350	35%
> $731,200	> $609,350	37%

2024 FEDERAL LONG-TERM CAPITAL GAINS AND DIVIDEND RATES

Taxable Income (Joint Filers)	**Taxable Income** (Single Filers)	**Capital Gains and Qualified Dividends Tax Rate**
$0 to $94,050	$0 to $47,025	10%
$94,051 to $583,750	$47,026 to $518,900	15%
> $583,750	> $518,900	20%

- 3.8% surtax on AGI above $250k for joint filers and above $200k for single filers.
- Short-term capital gains and interest income taxed at ordinary income rate.

United States Federal Corporate Tax Rate



The Corporate Tax Rate in the United States stands at 21 percent. Corporate Tax Rate in the United States averaged 32.18 percent from 1909 until 2023, reaching an all-time high of 52.80 percent in 1968 and a record low of 1.00 percent in 1910.

Wills, Estates and Trust

- Without a will, state laws dictate the distribution of our estate.
- The "spousal/portability exemption," allows unused portions of the $13.61 million exemption from the first deceased spouse's estate to transfer to the surviving spouse. Flexible estate planning enables executors to capitalize on current circumstances, manage taxes, step up the cost basis, and optimize asset distribution between the survivor's estate and other beneficiaries.

2024 Federal Lifetime Estate Tax Exemption, Annual Gift Tax Exemption, Amounts, and Estate Tax Rates

Lifetime Estate Tax Exemption (Per Person)	**Annual Gift Tax Exemption** (Per Person)	**Estate and Gift Tax** (Highest Tax Rate)
$13,610,000	$18,000	40%

2024 Trust Income

Trust Income	**Tax Rate**
$0 - $3,100	10%
$3,100 - $11,150	24%
$11,150 – $15,200	35%
$15,200+	37%

Medical Directives

- Durable Power of Attorney (DPOA): Handles assets.
- Health Care Durable Power of Attorney (HCDPOA): Handles personal care. The spouse is often the primary attorney-in-fact in HCDPOA with children as alternates.
- Springing DPOA: becomes effective upon a physician's certification of incapacity.
- Living Will: Directs care in irreversible medical situations. Once certified by a physician, it guides medical decisions, often specifying preferences to avoid life-sustaining measures.

Retirement Planning and IRAs

- Tax Rate – IRA distributions are taxed as ordinary income, not capital gains.
- Beneficiaries – Regularly verify IRA beneficiary records at the brokerage firm. Name contingent beneficiaries as well.
- Age for Distributions – Withdrawals before age 59 1/2 may incur penalties. Mandatory withdrawals must start by age 73 (as of 2023). The deadline for the initial withdrawal is April 1 of the year following turning 73. Additional distributions in one year may raise the tax rate.
- Qualified Charitable Distribution (QCD) – Most IRAs qualify; donations must go directly from the IRA to a charity; QCD limit is $100K, not exceeding annual RMD; QCD isn't taxable income; it can fulfill all or part of the annual RMD.

Charitable Giving

- Donor-Advised Fund (DAF) – A separate charitable account managed by a tax-exempt organization. The donor deposits into the account and determines the amount of grants and directs where grants are sent. Grants may be made over time, but the donor receives an immediate tax deduction for the entire amount in the year made. Administrative ease and simplified record keeping make DAF's an attractive vehicle and giving strategy. Donors should be aware that sponsoring organizations charge a fee for their services.

INSURANCE

LONG-TERM CARE INSURANCE

The appropriateness of long-term care insurance depends on several factors:

- Cost vs. Benefits – As with life insurance, because of the time value of money, paying in money today for a benefit that may be 30 years away is often less economical than it may seem.

- Reduction in Lifestyle Expenses – Assess potential declines in personal spending due to incapacitation. If spending is expected to decrease significantly, long-term care costs may not add an extra economic burden.

- The "Fine Print" – What are the actual benefits, qualifications, and limitations? For example, does the insurer have the right to choose the provider? Is coverage indexed to inflation?

HOMEOWNER'S INSURANCE

- Structures Coverage – With increasing construction costs, ensure your insurance coverage for structures keeps pace.

- Contents Coverage – As values of antiques and collectibles appreciate, update contents coverage, possibly considering a "fine arts policy".

- Flood Insurance – Written through the National Flood Insurance Program (NFIP), the maximum coverage is $250,000 on the building and $100,000 for contents.

LIFE INSURANCE

For individuals working and who have dependents, life insurance is critical. Alternatively, for the independently wealthy, the benefit of life insurance is typically limited to reducing the estate tax burden on one's beneficiaries.

Whole life policies have decidedly different cost and benefit structures than term life policies.

Some considerations to determine the suitability of life insurance for estate tax considerations:

- Cost of the Policy vs. the Benefits – Because of the time value of money, paying in money today for a benefit that may be 30 years away is often less economical than it may seem.

- Estimated Estate Value – The greater the estate value above $27.22 million for a married couple ($13.61 single), the more likely insurance will be a consideration.

- Liquidity of the Estate – For estates greater than $27.22 million and owning large amounts of real estate or other illiquid assets, life insurance should be a consideration.

- Ownership of the Policy – The policy should usually be owned outside of the estate (irrevocable life insurance trust or competent adult/entity).

Please note that existing policies have different considerations from new ones. An existing policy might have significant equity value built-up, and/or different costs and payout structures.

PERSONAL LIABILITY UMBRELLA POLICY (PLUP)

A PLUP provides an extra layer of personal liability insurance in addition to your current home and auto insurance. It can be important coverage if someone is injured in a vehicle accident, in your home, or as a result of negligent actions. Significant liability benefit amounts can be purchased for premiums that are very affordable. In most cases a PLUP works in conjunction with your homeowner's and auto insurance.

EDUCATION PLANNING

Features	529 Plans	Coverdell ESA	Custodial Accounts (UGMA)
Income limitations for participation	No/None	Joint filers: >$220,000 phase out	No/None
Control of the account	Account owner	Custodian controls until beneficiary turns 30	Custodian controls until age of termination (21 in GA; 18 or 21 in SC)
Annual contribution limits	No annual limit. Plan contribution limits vary by state. GA-$235,000 / SC-$540,000	$2,000 per beneficiary under the age of 18	$36,000 per year for joint filers without being subject to federal gift tax
Taxation of vehicle	Tax-deferred	Tax-deferred	Earned income taxed at single tax bracket rates. Net unearned income at the rates of the child's parents.
Qualified distributions are federal tax-free	Yes	Yes	No/None
May have state tax benefits	Yes	Yes	No/None
Taxation/penalty for withdrawals for nonqualified expenses	Yes	Yes	No/None
Investment alternatives	Limited choice of mutual funds	Owner chooses investments	Owner chooses investments
Can be used for college expenses	Yes	Yes	Yes
Can be used for primary and secondary school expenses	Up to $10,000 per year	Yes	Yes
Can change beneficiaries	Yes. Starting in 2024, up to $35K of leftover funds can be rolled into a Roth IRA account.	Yes	No/None

- Grandparents can pay tuition directly to the school without it being counted against the annual $18,000 gift exclusion.
- American Opportunity and Lifetime Learning Tax Credit of up to $2,500 may be available to those with qualified education expenses and income up to $180,000 for married couples filing jointly (single filers with income up to $90,000).

FOR GEORGIA (GA) AND SOUTH CAROLINA (SC) RESIDENTS

- Top Income Tax Rate: GA – 5.75%; SC – 7%
- GA capital gains taxed as income; SC capital gains taxed as income (44% deduction available on long term gains).
- Sales Tax Rate: GA – 4%; SC – 6%. (County taxes add to this, e.g. 7% for Chatham County and Beaufort County.)
- Retirement Income Exclusion: GA – exempt up to $65,000 for filers age 65 and older (applies to income generated in each person's name). SC – $3,000 of retirement income is excluded under the age of 65. Over the age of 65, $15,000 is excluded.
- Both GA and SC have various homestead and special property tax exemptions available by application.

Note: This document is for general financial planning purposes only and is not to be construed as offering specific tax, legal, or investment advice.