

WEALTH PLANNING NEWSLETTER



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The names and stories included are for educational and illustrative purposes only and do not reflect any actual client scenarios or information. Stifel does not provide legal or tax advice. You should consult with your estate planning attorney and tax advisor regarding your particular situation.

Please contact us if you have any questions about the articles
or for copies of the other materials mentioned in this newsletter.

Just the Facts



Bernard Baruch (1870-1965) was one of the most successful and revered financial professionals of his generation. When he spoke, people listened. He once declared, “Every man has a right to his opinion, but no man has a right to be wrong in his facts.” In a world where facts are often ignored, Mr. Baruch’s guiding words are perhaps more relevant today than ever before. As such, this issue of the Wealth Planning Newsletter is devoted exclusively to the facts. You won’t find any commentary, opinions, or hypotheticals – just the facts.



Health Savings Account Fact Sheet

- What are the benefits of a health savings account (HSA)?
- Do you qualify for an HSA?
- How much can you contribute to an HSA in 2024?
- What types of expenses can be paid with HSA funds?



Social Security Fact Sheet

- What is your full retirement age (FRA)?
- To what extent will your age at the time you claim benefits impact the amount you receive?
- How will your Social Security benefits be taxed?



Medicare Fact Sheet

- What type of coverage is provided by Medicare Parts A, B, C, and D?
- What is a Medigap plan?
- When can you enroll in Medicare?
- What are the monthly Medicare premiums in 2024?



Quick Tax Facts for Individuals

- What are the 2024 income tax brackets?
- What is the 2024 standard deduction?
- What are the 2024 contribution limits for various tax-advantaged accounts?



Estate and Gift Tax Highlights

- What is the 2024 federal estate and gift tax exemption?
- What is portability of the federal estate and gift tax exemption?
- Will an asset’s cost basis be impacted if the asset is transferred to a beneficiary during life or at death?
- What is the 2024 annual exclusion gift threshold?

Health Savings Account Fact Sheet

2024

A Health Savings Account (HSA) is a tax-exempt custodial account set up with a qualified trustee to pay or reimburse certain medical expenses.

Benefits

- Your contributions are tax-deductible up to pre-set limits.
- Employer contributions may be excluded from your taxable income.
- Assets in your account grow tax-deferred.
- Distributions are tax-free when used for qualifying medical expenses.
- The money is yours for as long as you live, and funds left over at the end of the year roll over automatically.

Contributions

Coverage Type	Contribution Limits	Minimum Deductible	Out-of-Pocket Maximum
Single	\$4,150/year *additional \$1,000 if age 55 or older	\$1,600	\$8,050
Family	\$8,300/year *additional \$1,000 if age 55 or older	\$3,200	\$16,100

Employer contributions count toward your annual contribution limit. Excess contributions and earnings must be withdrawn by the tax deadline for the year in which the excess contributions were made in order to avoid income taxes and a 6% excise tax. Contributions are allowed until the tax deadline for the year in which the contribution is intended. You cannot make contributions to your HSA if you are enrolled in Medicare, although the balance in your account can still be used.

Contributions to an HSA must be made in cash. Anyone can contribute to your HSA, and you still get the tax deduction. One rollover contribution is allowed per year, and rollovers do not need to be in cash. You must roll over the amount within 60 days of receipt. Direct HSA-to-HSA transfers are unlimited and do not need to be in cash.

Once deposited, funds can be invested in a variety of investment vehicles, such as stocks, bonds, CDs, and mutual funds.

Qualifications

To qualify for an HSA, you must be covered under a high-deductible health plan (HDHP), have no other “first dollar” health coverage except what is permitted (vision, dental, accident, etc.), must not be enrolled in Medicare, and cannot be claimed as a dependent on someone else’s tax return.

Qualified Expenses

In addition to a long list (see IRS Pub. 502), qualified medical expenses include, but are not limited to, long-term care insurance premiums, COBRA coverage, and Medicare premiums. Note, premiums for Medicare supplement insurance policies are not considered a qualified medical expense.

IMPORTANT NOTES

- Record keeping is important to show that distributions were used to pay for or reimburse qualified medical expenses that were not otherwise reimbursed or taken as a previous itemized deduction. You can go back to your HSA account inception to reimburse yourself for qualifying expenses.
- You are allowed a one-time rollover from an IRA to an HSA limited to your maximum allowable contribution. You cannot borrow from an HSA.
- Once you turn age 65, you can take withdrawals from your HSA account penalty-free. However, amounts used for non-medical purposes will be subject to income tax.
- Your account passes to your designated beneficiary at your death. If your surviving spouse is the beneficiary, the HSA can become his or her HSA. For non-spouse beneficiaries, the account is no longer an HSA and the balance at your death is taxable to the beneficiary. This taxable amount can be reduced by any qualified medical expenses for the decedent that are paid by the beneficiary within one year following the date of death.

Social Security Fact Sheet

2024

PERCENT RECEIVED

Percent of primary insurance amount (PIA) received at each age of eligibility.

If a worker or spouse begins collecting benefits before his or her full retirement age (FRA), the benefit amount is reduced. Workers can earn delayed retirement credits (DRC) by waiting until after their FRA to receive benefits.

For Primary Earners with FRA of 66

Age	66	67	68	69	70
% of PIA	100%	108%	116%	124%	132%

For Primary Earners with FRA of 67

Age	62	63	64	65	66	67	68	69	70
% of PIA	70%	75%	80%	86.7%	93.3%	100%	108%	116%	124%

For Spouses with FRA of 66

Age	66
% of PIA Received	50%

For Spouses with FRA of 67

Age	62	63	64	65	66	67
% of PIA Received	32.5%	35%	37.5%	41.7%	45.8%	50%

TAXATION OF BENEFITS

Provisional Income

	0%	50%	85%
Single	<\$25,000	\$25,000 - \$34,000	>\$34,000
Married	<\$32,000	\$32,000 - \$44,000	>\$44,000

*Provisional income is your adjusted gross income + tax-exempt interest + 50% of your annual Social Security

REDUCTION OF BENEFITS

Earnings Test

Prior to FRA	\$1 reduction in benefits for every \$2 of earned income over \$22,320 threshold.
Year of FRA	\$1 reduction of benefits for every \$3 of earned income over \$59,520 threshold.
FRA	\$0 reduction

FULL RETIREMENT AGE*

Year of Birth	FRA
1943-1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 or later	67

* Note that if you qualify for benefits as a survivor, your full retirement age may be slightly different. Visit the Social Security website or call the Wealth Planning Department for more information.

KEY TERMS:

FRA: Full Retirement Age

The age at which a person may first become entitled to full or unreduced retirement benefits.

PIA: Primary Insurance Amount

The benefit a person would receive if he or she elects to begin receiving retirement benefits at his or her FRA.

Spousal Retirement Benefit

A spouse receives one-half of the worker's PIA, unless the spouse begins collecting benefits before his or her FRA.

DRC: Delayed Retirement Credits

Social Security benefits are increased by a certain percentage if an individual delays retirement beyond his or her FRA.

Provisional Income

The level of income that is used to determine whether a taxpayer is liable for tax on his or her Social Security benefits.

Maximum Taxable Earnings
\$168,600.

Maximum possible monthly benefit
for those reaching their **Full Retirement Age**
in 2024 is **\$3,822.**

Medicare Fact Sheet

2024

Medicare Coverage

Part A (Hospital Insurance) – Covers inpatient hospital care, skilled nursing facility, hospice, home health care, and blood work.

Part B (Medical Insurance) – Covers doctor visits, outpatient services, durable medical equipment, preventative care, mental health, and ambulance services.

Part C (Medicare Advantage Plan) – Alternative Medicare coverage offered through private companies. Incorporates Medicare Parts A and B and supplemental insurance in a single plan. This is an alternative to original Medicare. You must have Medicare Parts A and B to enroll in a Medicare Advantage plan. Your Medicare Advantage plan may include Part D prescription drug coverage. It may also include additional benefits not covered by original Medicare, such as dental, hearing, or vision.

Part D (Prescription Drug Coverage) – Prescription drug coverage offered through private companies or as part of a Medicare Advantage plan. You must be enrolled in Parts A and B to join a Part D plan.

Medigap Plan (Supplemental Insurance) – Supplemental Insurance policy that helps pay various expenses not covered under original Medicare, such as deductibles and co-pays. You must be enrolled in original Medicare (Parts A and B) in order to purchase a Medigap policy. Do not sign up for a Medigap policy if you are enrolled in a Medicare Advantage plan (Part C).

Enrollment

Initial Enrollment Period (Parts A, B, C, and D) – A seven-month window that begins three months before, includes the month of your birthday, and ends three months after you turn age 65.

Special Enrollment Period – If you did not sign up for benefits during the initial enrollment period because you are still covered under a group health plan, you can sign up for benefits for up to eight months after employment or your group health plan coverage ends.

General Enrollment Period – January 1 through March 31 – This is an opportunity to enroll if you did not enroll when first eligible or during a Special Enrollment Period. Penalties are typically assessed when you sign up during this period if this is not during your Initial Enrollment Period. Your coverage begins July 1.

Annual Enrollment Period – October 15 through December 7 – Anyone with Medicare can join, switch, or drop a Medicare Advantage or Part D prescription drug plan during this period. Your coverage begins January 1.

Medicare Monthly Premiums

Part A – \$0 if you or your spouse have 40 Social Security credits. If you have to pay for Part A, the 2024 premiums are \$278 or \$505 each month, depending on how long you or your spouse worked and paid Medicare taxes.

Part B* – The Standard Part B premium for 2024 is \$174.70.

Part C – Many Medicare Advantage Plans have a \$0 premium. If you enroll in a plan that does charge a premium, you pay this in addition to the Part B premium (and the Part A premium if you don't have premium-free Part A).

Part D* – \$34.70 is the base beneficiary monthly premium amount for 2024. Part D premiums vary because they are administered through private companies.

* You may be required to pay a higher monthly premium based upon your modified adjusted gross income from two years ago if that amount is greater than \$103,000 for single filers or \$206,000 for a married couple filing jointly.

IMPORTANT NOTES

- To sign up for Medicare, contact the Social Security Administration at ssa.gov or by calling (800) 772-1213.
- For more information, go to medicare.gov, call (800) 633-4227 (800-MEDICARE), and/or contact your state's department of insurance.
- For more information, contact Health Plan One at (888) 404-1516 or visit their Stifel-dedicated website at: <https://clearmatchmedicare.com/stifel>

2024 Quick Tax Facts

Individuals

MARRIED FILING JOINT & SURVIVING SPOUSES			
Taxable Income		Tax Rate	Ordinary Tax Calculation
Minimum	Maximum		
--	\$23,200	10%	10% of taxable income
\$23,201	\$94,300	12%	\$2,320 + 12% of the amount over \$23,200
\$94,301	\$201,050	22%	\$10,852 + 22% of the amount over \$94,300
\$201,051	\$383,900	24%	\$34,337 + 24% of the amount over \$201,050
\$383,901	\$487,450	32%	\$78,221 + 32% of the amount over \$383,900
\$487,451	\$731,200	35%	\$111,357 + 35% of the amount over \$487,450
\$731,201	--	37%	\$196,669.50 + 37% of the amount over \$731,200

SINGLE			
Taxable Income		Tax Rate	Ordinary Tax Calculation
Minimum	Maximum		
--	\$11,600	10%	10% of taxable income
\$11,601	\$47,150	12%	\$1,160 + 12% of the amount over \$11,600
\$47,151	\$100,525	22%	\$5,426 + 22% of the amount over \$47,150
\$100,526	\$191,950	24%	\$17,168.50 + 24% of the amount over \$100,525
\$191,951	\$243,725	32%	\$39,110.50 + 32% of the amount over \$191,950
\$243,726	\$609,350	35%	\$55,678.50 + 35% of the amount over \$243,725
\$609,351	--	37%	\$183,647.25 + 37% of the amount over \$609,350

CAPITAL GAINS AND DIVIDENDS

Short-term capital gains are gains from property held one year or less. These gains are taxed at ordinary income tax rates (above).

Long-term capital gains are gains from property held longer than one year. These gains are taxed at 0%, 15%, or 20% (below).

Tax Rate	Married Filing Joint & Surviving Spouses		Single	
	Taxable Income			
	Minimum	Maximum	Minimum	Maximum
0%	--	\$94,050	--	\$47,025
15%	\$94,051	\$583,750	\$47,026	\$518,900
20%	\$583,751	--	\$518,901	--

Remember: Qualified dividends are taxed at long-term capital gains rates, and non-qualified dividends are taxed at ordinary income tax rates.

STANDARD DEDUCTIONS

Filing Status	Standard Deduction
Married Filing Joint & Surviving Spouses	\$29,200
Single	\$14,600
Dependents*	\$1,300 - \$14,600

*The greater of (a) \$1,300 or (b) earned income plus \$450, not to exceed the standard deduction amount for a single taxpayer.

ADDITIONAL STANDARD DEDUCTIONS

Filing Status	Standard Deduction
Married, age 65 or older or blind*	\$1,550
Married, age 65 or older or blind*	\$3,100
Single, age 65 or older or blind	\$1,950
Single, age 65 or older and blind	\$3,900

*Per person

Remember: Taxpayers can deduct the greater of their (a) applicable standard deduction or (b) total itemized deductions. Itemized deductions include unreimbursed medical and dental expenses in excess of 7.5% of AGI, state and local taxes paid, interest paid, gifts to charity, and other miscellaneous items.

Information regarding Head of Household and Married Filing Separate filing statuses is available upon request.

CONTRIBUTION LIMITS

Elective Deferral (401(k), 403(b) & 457)	\$23,000
Catch-Up Contributions (401(k), 403(b) & 457)	\$7,500
SIMPLE IRA Deferral	\$16,000
Catch-Up Contribution (SIMPLE IRA)	\$3,500

SIMPLE IRAs allow additional deferrals for small employers.

SEP IRA Contribution	Lesser of 25% of net earnings or \$69,000
Traditional IRA/Roth IRA Contribution	\$7,000
Traditional IRA/Roth IRA Catch-Up Contribution	\$1,000

Retirement plan catch-up contributions are allowed for taxpayers age 50 or older.

Health Savings Account – Individual	\$4,150
Health Savings Account – Family	\$8,300

HSA catch-up contributions of \$1,000 are allowed for taxpayers age 55 or older.

Traditional IRA	Deductibility Phaseout	
	Modified Adjusted Gross Income (MAGI)	
	Married Filing Joint*	Single**
Full Deduction	< \$123,000	< \$77,000
Partial Deduction	\$123,000 - \$143,000	\$77,000 - \$87,000
No Deduction	> \$143,000	> \$87,000

*If one spouse is covered by an employer-sponsored plan, the phaseout range for a deductible contribution by the non-covered spouse is \$230,000 - \$240,000. If neither spouse is covered, contributions are fully deductible regardless of MAGI.

**If the individual is not covered by an employer-sponsored plan, the contribution is fully deductible regardless of MAGI.

Roth IRA	Contribution Phaseout	
	Modified Adjusted Gross Income (MAGI)	
	Married Filing Joint	Single
Full Contribution	< \$230,000	< \$146,000
Partial Contribution	\$230,000 - \$240,000	\$146,000 - \$161,000
No Contribution	> \$240,000	> \$161,000

TAXATION OF SOCIAL SECURITY BENEFITS

	0%	Up to 50%	Up to 85%
Single	< \$25,000	\$25,000 - \$34,000	> \$34,000
Married	< \$32,000	\$32,000 - \$44,000	> \$44,000

As your Provisional Income increases through the above income brackets, the taxable portion of your Social Security benefit also gradually increases. No more than 85% of your benefit will be taxable. Provisional Income is your Adjusted Gross Income + Tax-Exempt Interest + 50% of your Annual Social Security benefit.

2024 Estate and Gift Tax Highlights

Estate and Tax Planning

- **Estate and Gift Tax Exemption.** An individual can give up to \$13,610,000 during life or at death without any estate or gift tax consequences. A married couple can give up to \$27,220,000 with proper planning. This unified estate and gift tax exemption will be adjusted annually for inflation through 2025. On January 1, 2026, the exemption is scheduled to revert to 2017 levels (\$5,490,000 per individual and \$10,980,000 per married couple), as adjusted for inflation.
- **Unlimited Marital Deduction.** An individual can make gifts to a spouse during life or at death without any estate or gift tax consequences due to the unlimited marital deduction. Marital gifts do not require an individual to use a portion of his or her unified estate and gift tax exemption.
- **Portability of Estate and Gift Tax Exemption.** Portability allows a surviving spouse to use a deceased spouse's unused unified estate and gift tax exemption amount. In order to utilize portability, the surviving spouse must file an estate tax return (Form 706) for the deceased spouse even if no estate tax is due.
- **Generation-Skipping Transfer Tax Exemption.** An individual can give up to \$13,610,000 through generation-skipping trusts or direct lifetime gifts without any generation-skipping transfer tax consequences. A married couple can give up to \$27,220,000 with proper planning. The generation-skipping transfer tax exemption will be adjusted annually for inflation through 2025. As with the estate and gift tax exemption, this exemption is scheduled to revert to 2017 levels on January 1, 2026, as adjusted for inflation. Portability does not apply to the generation-skipping transfer tax exemption.
- **Tax Rates.** The estate, gift, and generation-skipping transfer tax rate is 40%.
- **Cost Basis.** Cost basis is the value an individual paid for an asset. Simply stated, basis equals cost. When an asset is acquired through a lifetime gift, the cost basis remains unchanged. However, when an asset is inherited, the cost basis typically becomes the fair market value of the property on the decedent's date of death. This is known as a step-up (or step-down) in cost basis.
- **Annual Exclusion Gifts.** An individual can make annual exclusion gifts valued at up to \$18,000 per recipient without any estate or gift tax consequences. A married couple can make annual exclusion gifts valued at up to \$36,000 per recipient. Annual exclusion gifts can be given outright or they can be made to a trust, custodial account, or 529 plan. The annual exclusion gift threshold will be adjusted annually for inflation. In addition to annual exclusion gifts, gifts of any dollar amount can be made directly to accredited educational facilities and/or medical facilities on behalf of another individual without any estate or gift tax consequences.
- **Deductibility of State Death Taxes.** State death taxes are deductible under Section 2058 of the Internal Revenue Code.

Stifel does not provide legal or tax advice. You should consult with your legal and tax advisors regarding your particular situation.





Ex: **FAINCT**

Answer = In Fact

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Key: 1. Known for a Fact, 2. After the Fact, 3. Separate Fact From Fiction
Phrases at the end: Fact Checker, Matter of Fact, Check the Facts