



Retirement Planning: A Map to Changes in 2024

Navigating these demands an adaptable approach to financial planning

As we kick off 2024, the world of retirement planning is undergoing a fairly significant transformation, as tax brackets, retirement contribution limits, estate and gift tax exemptions, among other things, are set to undergo upward revisions. Additionally, the gradual introduction of Secure 2.0, a pivotal retirement legislation, continues to unfurl, introducing implications that resonate deeply with both prospective retirees and current savers.

No More RMDs with Roth 401(k)s

A momentous shift emerges in the realm of retirement savings: the exemption of Roth 401(k)s from mandatory minimum distributions, scheduled to commence in 2024. This landmark amendment levels the playing field, aligning Roth 401(k)s with the privileges enjoyed by Roth IRAs. This liberates investors from the traditional approach of hastening asset transfers post-retirement, especially those holding exceptional Roth 401(k) plans featuring minimal costs and stellar investment options.

Contribution Limits Rise

In sync with the inflation-driven adjustments, contribution limits for various retirement accounts are on the rise in 2024. Noteworthy increases include company retirement plan contributions – such as 401(k), 403(b), or 457 – a escalating to \$23,000 for individuals under 50 and \$30,500 for those aged 50 and above. Simultaneously, IRA contribution limits increase to \$7,000 for individuals under 50 and \$8,000 for those aged 50-plus.

These changes in contribution limits extend to health savings accounts, offering potential as stealth retirement vehicles.

Tax Thresholds Are Up

Amidst the alterations, the thresholds for estate and gift taxes witness a notable uptick in 2024, providing married couples an increased federal estate tax shield exceeding \$27 million. Moreover, the qualified charitable distribution (QCD) limit escalates to \$105,000, a welcome move that fosters charitable contributions while optimizing tax benefits.

Rolling Over 529 Assets

Secure 2.0 introduces avenues for rolling over unused 529 assets to a Roth IRA, enabling beneficiaries to transfer up to \$35,000 over time. This provision unlocks a novel strategy for optimizing savings and investments.

Expanding 401(k) Flexibility

A series of provisions stemming from Secure 2.0 offer enhanced flexibility within retirement plans. Employers gain the ability to match retirement plan contributions for employees simultaneously repaying student loans, ushering in innovative strategies for debt repayment and retirement savings alignment. Furthermore, provisions enabling plans to address emergency expenses through designated savings and penalty-free withdrawals underscore the legislation's intent to bolster financial preparedness.

Embracing the Evolving Terrain

As 2024 unfurls with an array of transformations in retirement planning, navigating these changes demands an adaptable approach. The evolving legislation and revised limits present an opportunity for savvier financial planning, encouraging investors and retirees to reassess their strategies, leverage new opportunities, and adapt to this dynamic landscape.

With Secure 2.0's progressive initiatives, the door opens to innovative approaches that empower individuals to bolster their retirement prospects while navigating unexpected financial contingencies.