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The 2024 Robert Keebler Chart Bundle

PREVIEW ALL SEVENTEEN CHARTS

Below you will find a preview of each of the 17 charts included in the 2024 Robert Keebler Chart Bundle.

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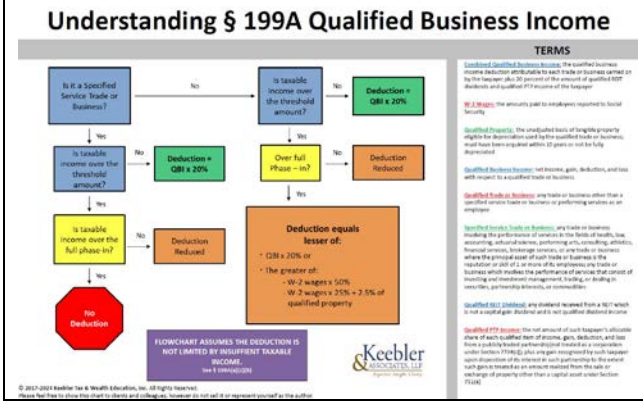
Section 199A Chart 2024

FRONT



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Top 10 Tax Planning Ideas for 2024 Chart

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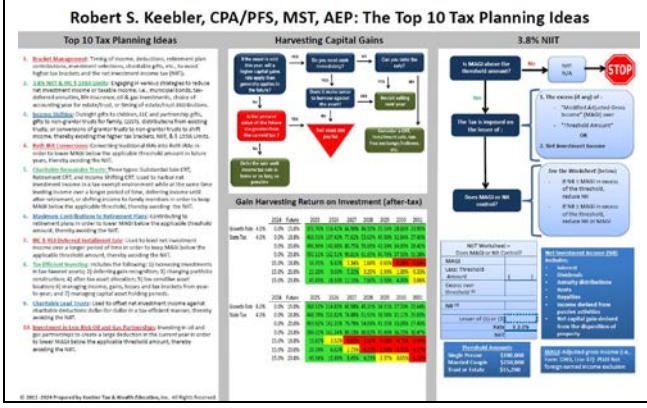

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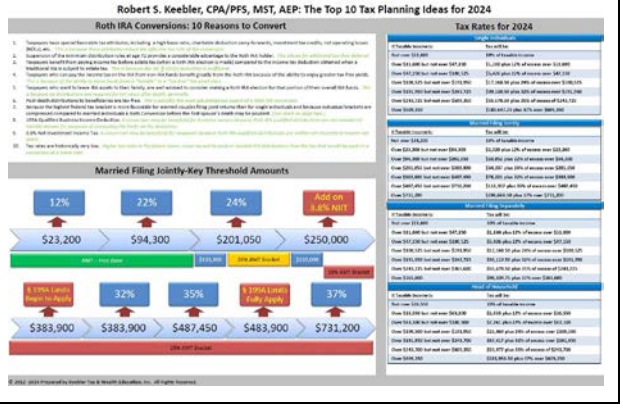

75 Best Income Tax Strategies in 2024 Chart

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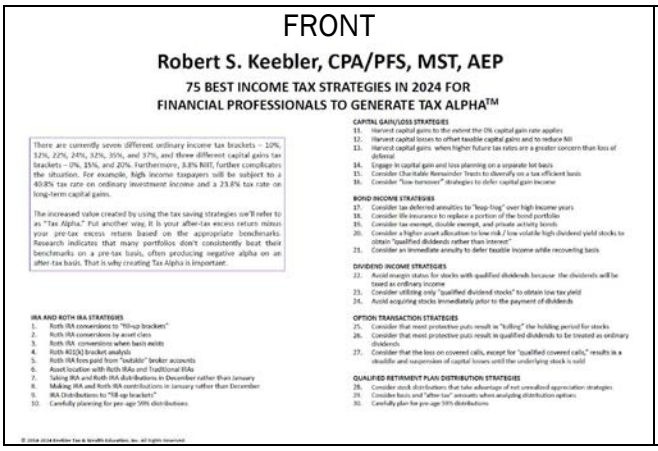

Robert S. Keebler, CPA/PFS, MST, AEP

75 BEST INCOME TAX STRATEGIES IN 2024 FOR FINANCIAL PROFESSIONALS TO GENERATE TAX ALPHA™

There are currently seven different ordinary income tax brackets – 10%, 12%, 22%, 24%, 32%, 35%, and 37%, and three different capital gains tax brackets – 0%, 15%, and 20%. Furthermore, 3.8% NIIT, further complicates the situation. For example, high income taxpayers will be subject to a 40.8% tax rate on ordinary investment income and a 23.8% tax rate on long-term capital gains.

The increased value created by using the tax saving strategies we'll refer to as "Tax Alpha." Put another way, it is your after-tax excess return minus your pre-tax excess return based on the appropriate benchmarks. Research indicates that many portfolios don't consistently beat their benchmarks on a pre-tax basis, often producing negative alpha on an after-tax basis. That is why creating Tax Alpha is important.

IRA AND ROTH IRA STRATEGIES
1. Roth IRA conversions to "fill-up bracket"
2. Roth IRA conversions by asset class
3. Roth IRA conversions when basis exists
4. Roth 401(k) bracket analysis
5. Roth IRA funs paid from "outside" broker accounts
6. Asset location with Roth IRAs and Traditional IRAs
7. Taking IRA and Roth IRA distributions in December rather than January
8. Making IRA and Roth IRA contributions in January rather than December
9. IRA Distributions to "fill-up brackets"
10. Carefully planning for pre-age 59½ distributions

CAPITAL GAIN/LOSS STRATEGIES
11. Harvest capital gains to the extent the 0% capital gain rate applies
12. Harvest capital losses to offset taxable capital gains and to reduce NII
13. Harvest capital gains when higher future tax rates are a greater concern than loss of deferral
14. Engage in capital gain and loss planning on a separate lot basis
15. Consider Charitable Remainder Trusts to diversify on a tax-efficient basis
16. Consider "low turnover" strategies to defer capital gain income

BOND INCOME STRATEGIES
17. Consider tax deferred annuities to "leap-frog" over high income years
18. Consider life insurance to replace a portion of the bond portfolio
19. Consider tax-exempt, double-exempt, and private activity bonds
20. Consider a higher asset allocation to low risk / low volatile high dividend yield stocks to obtain "qualified dividends rather than interest"
21. Consider an immediate annuity to defer taxable income while recovering basis

DIVIDEND INCOME STRATEGIES
22. Avoid margin status for stocks with qualified dividends because the dividends will be taxed as ordinary income
23. Consider utilizing only "qualified dividend stocks" to obtain low tax yield
24. Avoid acquiring stocks immediately prior to the payment of dividends

OPTION TRANSACTION STRATEGIES
25. Consider that most protective puts result in "tolling" the holding period for stocks
26. Consider that most protective puts result in qualified dividends to be treated as ordinary dividends
27. Consider that the loss on covered calls, except for "qualified covered calls," results in a straddle and suspension of capital losses until the underlying stock is sold

QUALIFIED RETIREMENT PLAN DISTRIBUTION STRATEGIES
28. Consider stock distributions that take advantage of net unrealized appreciation strategies
29. Consider basis and "after-tax" amounts when analyzing distribution options
30. Carefully plan for pre-age 59½ distributions

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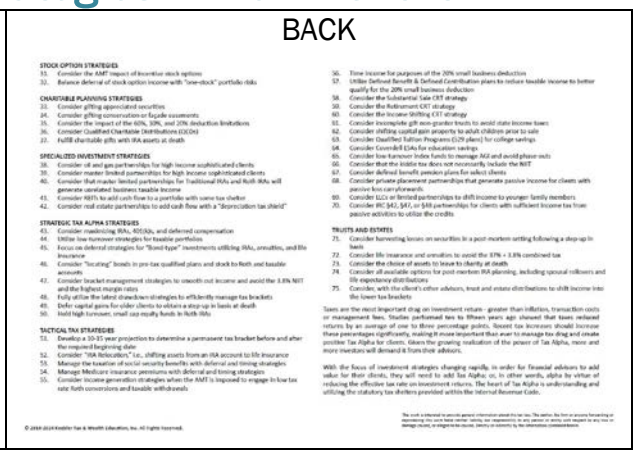

STOCK OPTION STRATEGIES
31. Consider the AMT impact of incentive stock options
32. Balance deferral of stock option income with "lone-stock" portfolio risks

CHARITABLE PLANNING STRATEGIES
33. Consider gifting appreciated securities
34. Consider gifting conservation or façade easements
35. Consider the impact of the 60%, 30%, and 20% deduction limitations
36. Consider Qualified Charitable Distributions (QCDs)
37. Fulfill charitable gifts with IRA assets at death

SPECIALIZED INVESTMENT STRATEGIES
38. Consider oil and gas partnerships for high income sophisticated clients
39. Consider master limited partnerships for high income sophisticated clients
40. Consider that master limited partnerships for Traditional IRAs and Roth IRAs will generate unrelated business taxable income
41. Consider REITs to add cash flow to a portfolio with some tax shelter
42. Consider real estate partnerships to add cash flow with a "depreciation tax shield"

STRATEGIC TAX ALPHA STRATEGIES
43. Consider maximizing IRAs, 401(k)s, and deferred compensation
44. Utilize low turnover strategies for taxable portfolios
45. Focus on deferred strategies for "fixed-type" investments utilizing IRAs, annuities, and life insurance
46. Consider "locating" bonds in pre-tax qualified plans and stock in Roth and taxable accounts
47. Consider bracket management strategies to smooth out income and avoid the 3.8% NIIT and the highest marginal rates
48. Fully utilize the latest drawdown strategies to efficiently manage tax brackets
49. Defer capital gains for older clients to obtain a step-up in basis at death
50. Hold high turnover, small cap equity funds in Roth IRAs

TACTICAL TAX STRATEGIES
51. Develop a 10-15 year projection to determine a permanent tax bracket before and after the required beginning date
52. Consider "IRA Relocation," i.e., shifting assets from an IRA account to life insurance
53. Manage the taxation of social security benefits with deferral and timing strategies
54. Manage Medicare insurance premiums with deferral and timing strategies
55. Consider income generation strategies when the AMT is imposed to engage in low tax rate Roth conversions and taxable withdrawals
56. Time income for purposes of the 20% small business deduction
57. Utilize Defined Benefit & Defined Contribution plans to reduce taxable income to better qualify for the 20% small business deduction
58. Consider the Substantial Sale CRT strategy
59. Consider the Retirement CRT strategy
60. Consider the Income Shifting CRT strategy
61. Consider incomplete gift non-grantor trusts to avoid state income taxes
62. Consider shifting capital gain property to adult children prior to sale
63. Consider Qualified Tuition Programs (529 plans) for college savings
64. Consider Coverdell ESAs for education savings
65. Consider low-turnover Index funds to manage AGI and avoid phase-outs
66. Consider that the kiddie tax does not necessarily include the NIIT
67. Consider defined benefit pension plans for select clients
68. Consider private placement partnerships that generate passive income for clients with passive loss carryforwards
69. Consider LLCs or limited partnerships to shift income to younger family members
70. Consider IRC §42, §47, or §48 partnerships for clients with sufficient income tax from passive activities to utilize the credits

TRUSTS AND ESTATES
71. Consider harvesting losses on securities in a post-mortem setting following a step-up in basis
72. Consider life insurance and annuities to avoid the 37% + 3.8% combined tax
73. Consider the choice of assets to leave to charity at death
74. Consider all available options for post-mortem IRA planning, including spousal rollovers and life expectancy distributions
75. Consider, with the client's other advisors, trust and estate distributions to shift income into the lower tax brackets

Taxes are the most important drag on investment returns - greater than inflation, transaction costs or management fees. Studies performed two to fifteen years ago showed that taxes reduced returns by an average of one to three percentage points. Recent tax increases should increase these percentages significantly, making it more important than ever to manage tax drag and create positive Tax Alpha for clients. Given the growing realization of the power of Tax Alpha, more and more investors will demand it from their advisors.

With the focus of investment strategies changing rapidly, in order for financial advisors to add value for their clients, they will need to add Tax Alpha; or, in other words, alpha by virtue of reducing the effective tax rate on investment returns. The heart of Tax Alpha is understanding and utilizing the statutory tax shelters provided within the Internal Revenue Code.

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Generation Skipping Transfer Tax 2024 Chart

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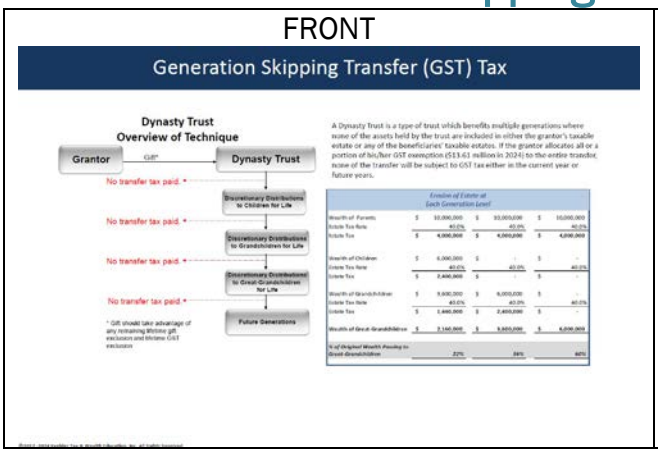

Generation Skipping Transfer (GST) Tax

Dynasty Trust
Overview of Technique

Grantor — Gift* → Dynasty Trust

No transfer tax paid. *
Discretionary Distributions to Children for Life

No transfer tax paid. *
Discretionary Distributions to Grandchildren for Life

No transfer tax paid. *
Discretionary Distributions to Great-Grandchildren for Life

No transfer tax paid. *
Future Generations

* Gift should take advantage of any remaining lifetime gift exclusions and lifetime GST exclusions

A Dynasty Trust is a type of trust which benefits multiple generations where none of the assets held by the trust are included in either the grantor's taxable estate or any of the beneficiaries' taxable estates. If the grantor allocates all or a portion of his/her GST exemption ($13.61 million in 2024) to the entire transfer, none of the transfer will be subject to GST tax either in the current year or future years.

Erosion of Estate at Each Generation Level

Wealth of Parents	$ 10,000,000	$ 10,000,000	$ 10,000,000
Estate Tax Rate	40.0%	40.0%	40.0%
Estate Tax	$ 4,000,000	$ 4,000,000	$ 4,000,000
Wealth of Children	$ 6,000,000	$ -	$ -
Estate Tax Rate	40.0%	40.0%	40.0%
Estate Tax	$ 2,400,000	$ -	$ -
Wealth of Grandchildren	$ 3,600,000	$ 6,000,000	$ -
Estate Tax Rate	40.0%	40.0%	40.0%
Estate Tax	$ 1,440,000	$ 2,400,000	$ -
Wealth of Great-Grandchildren	$ 2,160,000	$ 3,600,000	$ 6,000,000
% of Original Wealth Passing to Great-Grandchildren	22%	36%	60%

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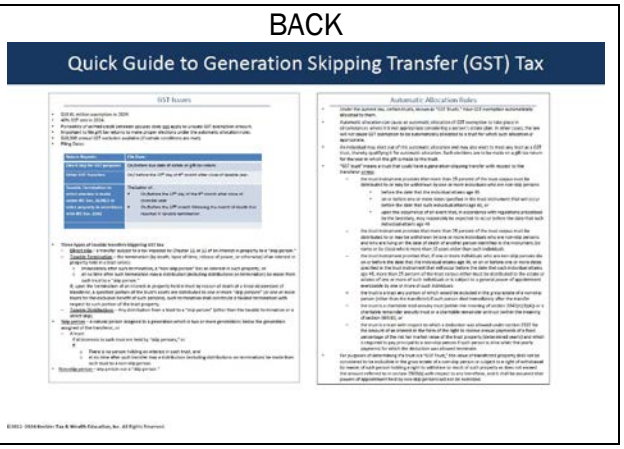

Quick Guide to Generation Skipping Transfer (GST) Tax

GST Issues

Automatic Allocation Rules

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DrawDown Strategies 2024 Chart

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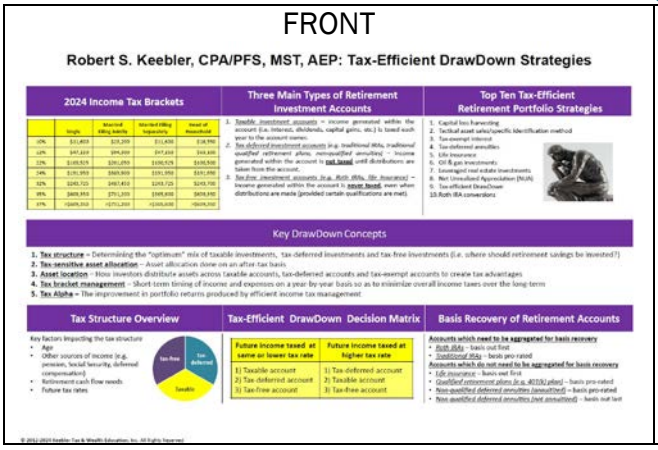

Robert S. Keebler, CPA/PFS, MST, AEP: Tax-Efficient DrawDown Strategies

2024 Income Tax Brackets

	Single	Married Filing Jointly	Married Filing Separately	Head of Household
10%	$11,600	$23,200	$11,600	$16,550
12%	$47,150	$94,300	$47,150	$63,100
22%	$100,525	$201,050	$100,525	$100,500
24%	$191,950	$383,900	$191,950	$191,950
32%	$243,725	$487,450	$243,725	$243,700
35%	$609,350	$731,200	$365,600	$609,350
37%	>$609,350	>$731,200	>$365,600	>$609,350

Three Main Types of Retirement Investment Accounts

1. Taxable investment accounts – income generated within the account (i.e. interest, dividends, capital gains, etc.) is taxed each year to the account owner.
2. Tax-deferred investment accounts (e.g. traditional IRAs, traditional qualified retirement plans, nonqualified annuities) – Income generated within the account is not taxed until distributions are taken from the account.
3. Tax-free investment accounts (e.g. Roth IRAs, life insurance) – Income generated within the account is never taxed, even when distributions are made (provided certain qualifications are met).

Top Ten Tax-Efficient Retirement Portfolio Strategies

1. Capital loss harvesting
2. Tactical asset sales/specific identification method
3. Tax-exempt interest
4. Tax-deferred annuities
5. Life insurance
6. Oil & gas investments
7. Leveraged real estate investments
8. Net Unrealized Appreciation (NUA)
9. Tax-efficient DrawDown
10. Roth IRA conversions

Key DrawDown Concepts

1. Tax structure – Determining the "optimum" mix of taxable investments, tax-deferred investments and tax-free investments (i.e. where should retirement savings be invested?)
2. Tax-sensitive asset allocation – Asset allocation done on an after-tax basis
3. Asset location – How investors distribute assets across taxable accounts, tax-deferred accounts and tax-exempt accounts to create tax advantages
4. Tax bracket management – Short-term timing of income and expenses on a year by year basis so as to minimize overall income taxes over the long-term
5. Tax Alpha – The improvement in portfolio returns produced by efficient income tax management

Tax Structure Overview

Key factors impacting the tax structure
- Age
- Other sources of income (e.g. pension, Social Security, deferred compensation)
- Retirement cash flow needs
- Future tax rates

Tax-free / Tax deferred / Taxable

Tax-Efficient DrawDown Decision Matrix

Future income taxed at same or lower tax rate	Future income taxed at higher tax rate
1) Taxable account	1) Tax-deferred account
2) Tax-deferred account	2) Taxable account
3) Tax-free account	3) Tax-free account

Basis Recovery of Retirement Accounts

Accounts which need to be aggregated for basis recovery
- Roth IRAs – basis out first
- Traditional IRAs – basis pro-rated

Accounts which do not need to be aggregated for basis recovery
- Life insurance – basis out first
- Qualified retirement plans (e.g. 401(k) plan) – basis pro-rated
- Non-qualified deferred annuities (annuitized) – basis pro-rated
- Non-qualified deferred annuities (not annuitized) – basis out last

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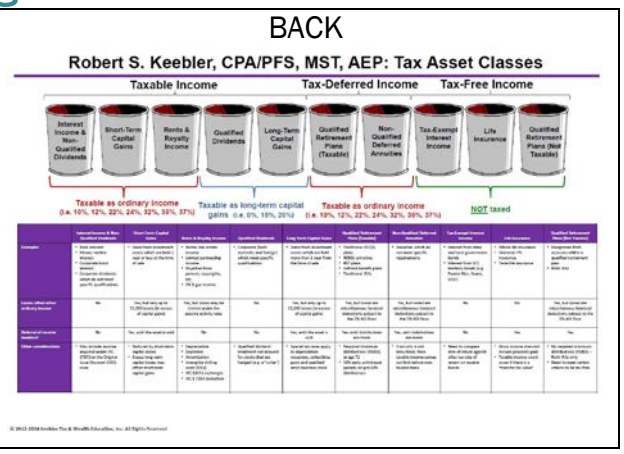

Robert S. Keebler, CPA/PFS, MST, AEP: Tax Asset Classes

Taxable Income — Tax-Deferred Income — Tax-Free Income

Interest Income & Non-Qualified Dividends | Short-Term Capital Gains | Rents & Royalty Income | Qualified Dividends | Long-Term Capital Gains | Qualified Retirement Plans (Taxable) | Non-Qualified Deferred Annuities | Tax-Exempt Interest Income | Life Insurance | Qualified Retirement Plans (Not Taxable)

Taxable as ordinary income (i.e. 10%, 12%, 22%, 24%, 32%, 35%, 37%) — Taxable as long-term capital gains (i.e. 0%, 15%, 20%) — Taxable as ordinary income (i.e. 10%, 12%, 22%, 24%, 32%, 35%, 37%) — NOT taxed

	Interest Income & Non-Qualified Dividends	Short-Term Capital Gains	Rents & Royalty Income	Qualified Dividends	Long-Term Capital Gains	Qualified Retirement Plans (Taxable)	Non-Qualified Deferred Annuities	Tax-Exempt Interest Income	Life Insurance	Qualified Retirement Plans (Not Taxable)
Examples	• Bank accounts • Money market accounts • Corporate bond interest • Dividends • Dividends (e.g. dividends which do not meet specific qualifications)	• Gains from investment assets held for one year or less at the time of sale	• Income from owned real estate • Royalties • Limited partnership income • Income from business partners, copyrights, etc. • 1099 gross income	• Corporate stock • Mutual funds (e.g. which meet specific qualifications)	• Gains from investment assets held for more than 1 year from the time of sale	• Traditional IRA(s) • Roth IRA(s) • 401(k) plans • Traditional defined pension plans • Traditional 403(b)	• Immediate annuities • Deferred annuities • 1035 exchanges • Annuitized annuities	• Municipal bond interest • Municipal bond funds • Tax-free bonds	• Whole life insurance • Universal life insurance • Variable insurance	• Designated Roth accounts (within qualified retirement plans) • Roth IRAs
Income taxed at other ordinary income	No	Yes, but only up to $3,000 losses (in excess of capital gains)	Yes, but income may be limited under the passive activity rules	No	Yes, but only up to $3,000 losses (in excess of capital gains)	Yes, but income may be subject to additional tax (e.g. 10% penalty, unless exceptions apply)	Yes, but income may be subject to additional tax (e.g. 10% penalty, unless exceptions apply)	No	No	Yes, but income may be subject to additional tax (e.g. 10% penalty, unless exceptions apply)
Deferral of income taxation?	No	Yes, until the asset is sold	No	No	Yes, until the asset is sold	Yes, until distributions are made	Yes, until distributions are made	No	No	Yes
Other considerations	• May include income from municipal bonds (MBs) or US Treasury bonds (USTs) that are exempt from state income taxes	• Tax is not by short-term capital gains (STCGs) or long-term capital gains (LTCGs)	• Depreciation recapture • Passive activity limitations • Unrelated business taxable income (UBTI)	• Qualified dividend income (QDI) is taxed at the same rate as long-term capital gains (LTCGs)	• Special tax rates apply to certain assets (e.g. collectibles, gains and qualified small business stock)	• Tax is only a tax deferral, not a tax avoidance strategy • Tax-free Roth IRA conversions are not allowed before age 59½	• Must be compared to other investments after tax rates of return on taxable bonds	• Since income does not flow through to the owner, "Taxable income cannot cause it there is a "shelter for sale"	• Tax-exempt income is not subject to AMT • Roth IRAs only • Beat increase certain criteria to be tax-free	• Tax-exempt income is not subject to AMT • Roth IRAs only • Must increase certain criteria to be tax-free

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Tax Asset Classes Chart 2024 (one-sided)

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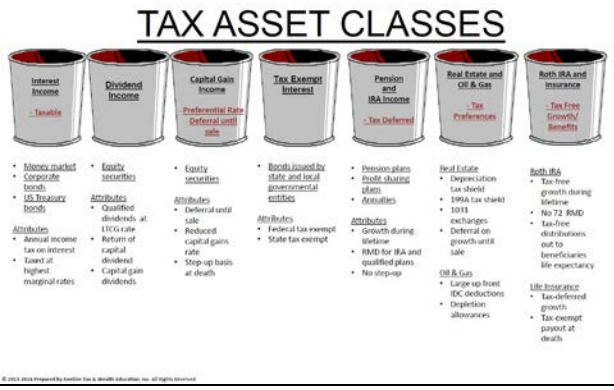

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Bracket Management 2024 Chart

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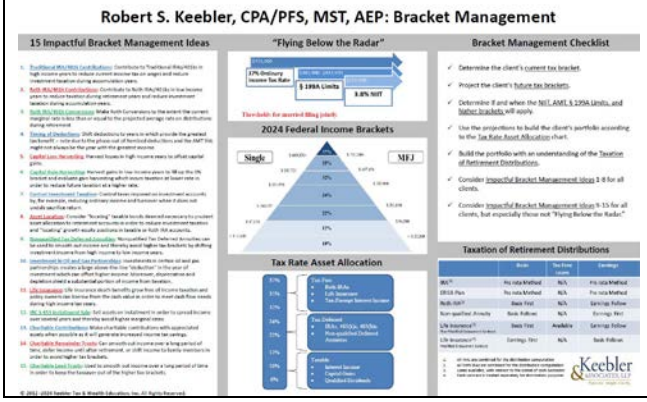

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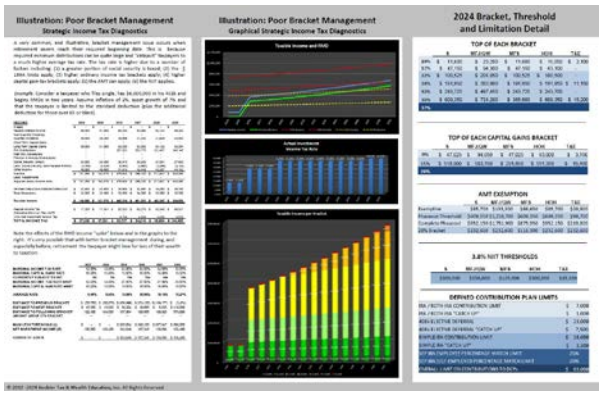

Capital Gains Harvesting 2024 Chart

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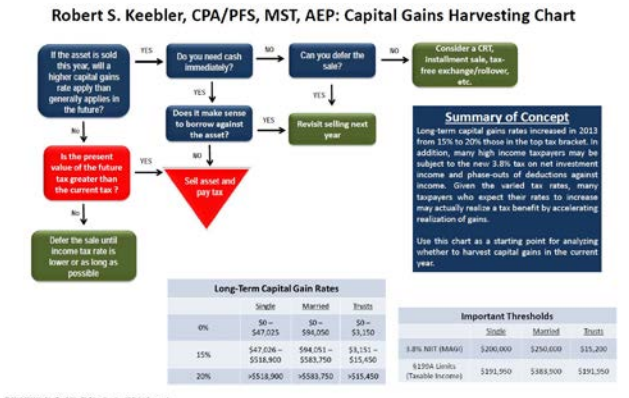

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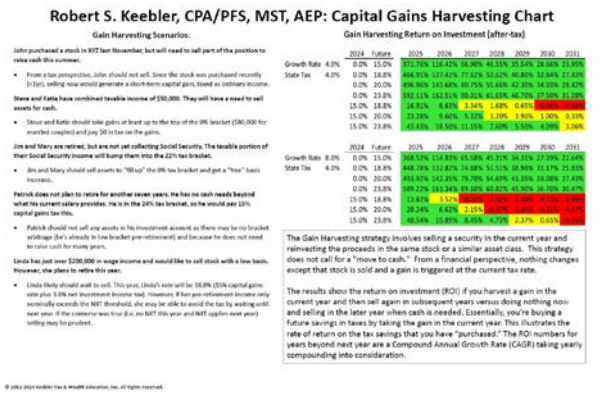

Applying the 3.8% Net Investment Income Tax Chart

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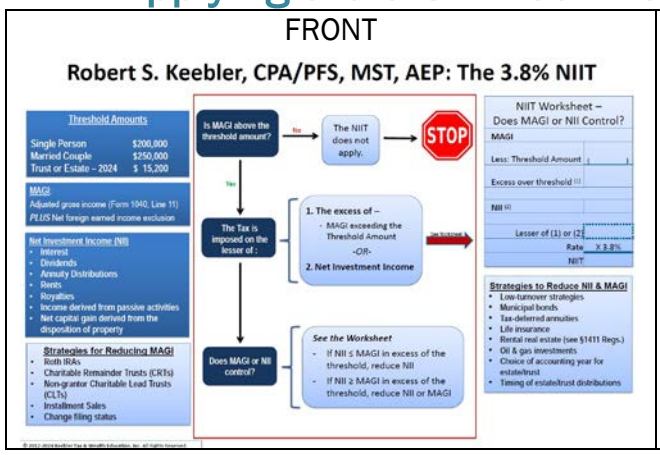

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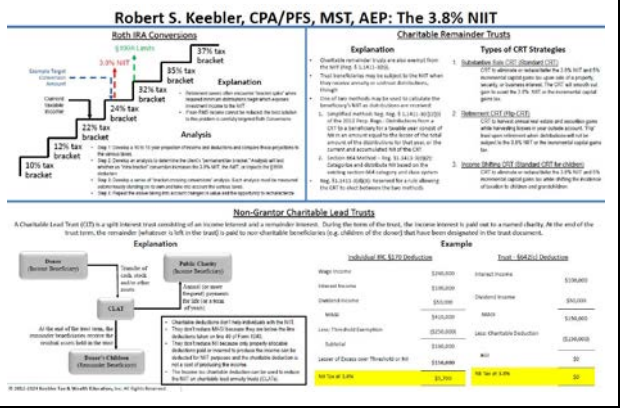

Understanding the Net Investment Income Tax 2024 Chart

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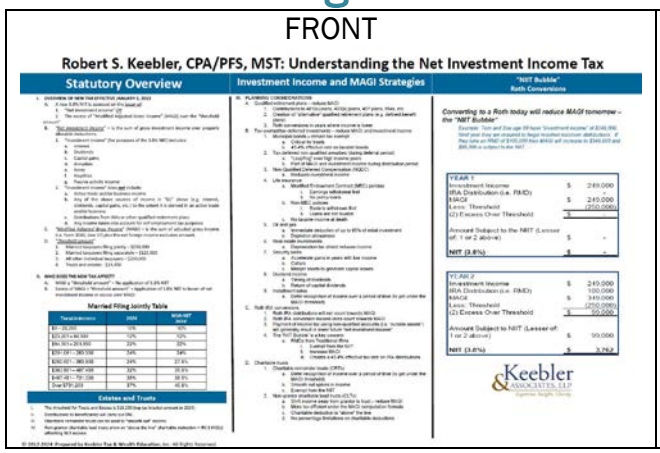

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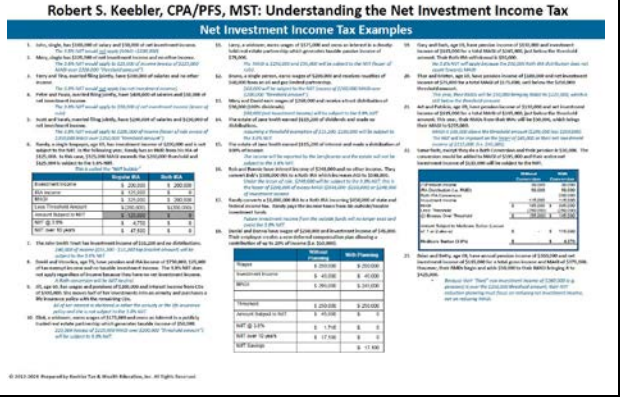

IRA Payable to Trusts After the Secure Act 2024 (one-sided)

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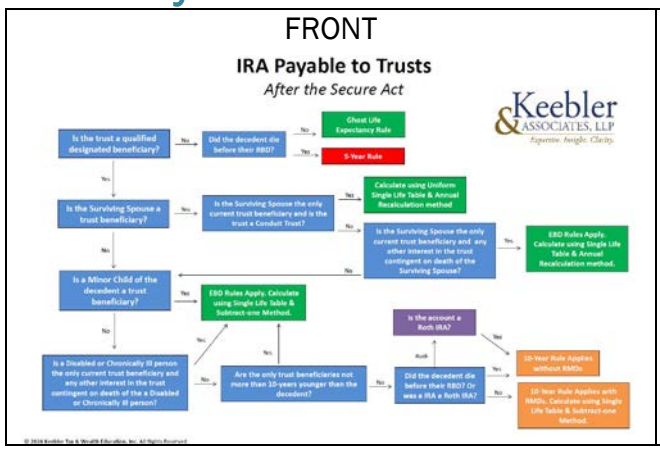

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Roth IRA Distribution Flowchart 2024

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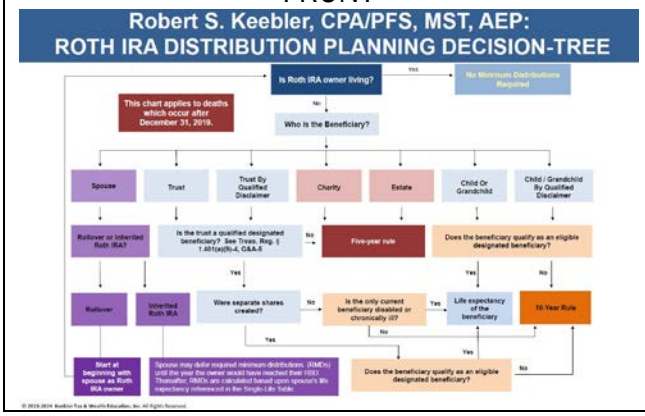

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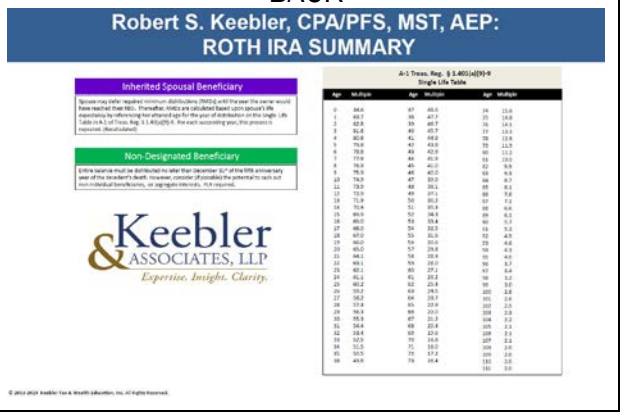

The Roth IRA Quadrants Chart 2024

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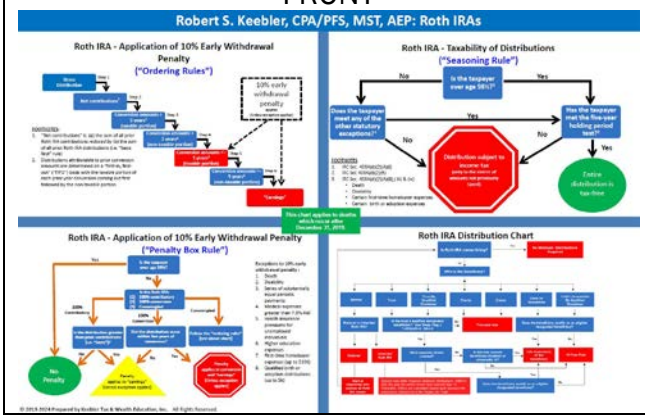

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Roth IRA Conversion Decision Chart 2024

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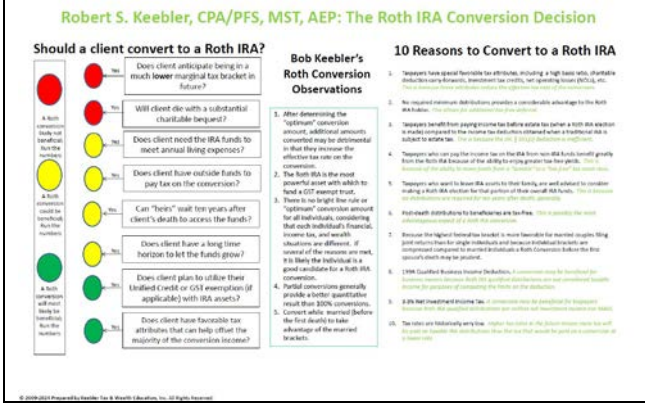

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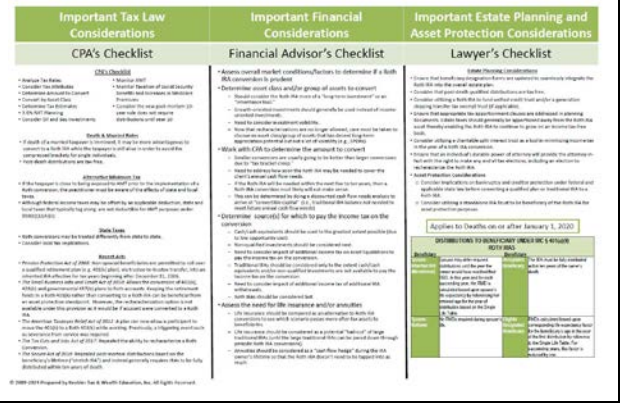

2023 Individual Tax Rate Threshold "Cheat Sheet" 2024

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2024 Individual Tax Rate Threshold "Cheat Sheet"

2024 Ordinary Income Tax Brackets

Single Taxpayer

If Taxable Income is:	Tax will be:
Not over $11,600	10% of taxable income
Over $11,600 but not over $47,150	$1,160 plus 12% of excess over $11,600
Over $47,150 but not over $100,525	$5,426 plus 22% of excess over $47,150
Over $100,525 but not over $191,950	$17,168.50 plus 24% of excess over $100,525
Over $191,950 but not over $243,725	$39,110.50 plus 32% of excess over $191,950
Over $243,725 but not over $609,350	$55,678.50 plus 35% of excess of $243,725
Over $609,350	$183,647.25 plus 37% over $609,350

Married Filing Separately Taxpayer

If Taxable Income is:	Tax will be:
Not over $11,600	10% of taxable income
Over $11,600 but not over $47,150	$1,160 plus 12% of excess over $11,600
Over $47,150 but not over $100,525	$5,426 plus 22% of excess over $47,150
Over $100,525 but not over $191,950	$17,168.50 plus 24% of excess over $100,525
Over $191,950 but not over $243,725	$39,110.50 plus 32% of excess over $191,950
Over $243,725 but not over $365,600	$55,678.50 plus 35% of excess of $243,725
Over $365,600	$99,334.75 plus 37% over $365,600

Married Filing Jointly Taxpayer

If Taxable Income is:	Tax will be:
Not over $23,200	10% of taxable income
Over $23,200 but not over $94,300	$2,320 plus 12% of excess over $23,200
Over $94,300 but not over $201,050	$10,852 plus 22% of excess over $94,300
Over $201,050 but not over $383,900	$34,337 plus 24% of excess over $201,050
Over $383,900 but not over $487,450	$78,221 plus 32% of excess over $383,900
Over $487,450 but not over $731,200	$111,357 plus 35% of excess over $487,450
Over $731,200	$196,669.50 plus 37% over $731,200

Head of Household Taxpayer

If Taxable Income is:	Tax will be:
Not over $16,550	10% of taxable income
Over $16,550 but not over $63,100	$1,655 plus 12% of excess over $16,550
Over $63,100 but not over $100,500	$7,241 plus 22% of excess over $63,100
Over $100,500 but not over $191,950	$15,480 plus 24% of excess over $100,500
Over $191,950 but not over $243,700	$37,417 plus 32% of excess over $191,950
Over $243,700 but not over $609,350	$53,977 plus 35% of excess of $243,700
Over $609,350	$181,954.50 plus 37% over $609,350

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Robert S. Keebler, CPA/PFS, MST, AEP

2024 Individual Tax Rate Threshold "Cheat Sheet"

Long-Term Capital Gains Thresholds

Married Filing Jointly Taxpayer

If Taxable Income is:	Tax Rate will be:
Not over $94,050	0%
Over $94,050 but not over $583,750	15%
Over $583,750	20%

Married Filing Separately Taxpayer

If Taxable Income is:	Tax Rate will be:
Not over $47,025	0%
Over $47,025 but not over $291,875	15%
Over $291,875	20%

Single Taxpayer

If Taxable Income is:	Tax Rate will be:
Not over $47,025	0%
Over $47,025 but not over $518,900	15%
Over $518,900	20%

Head of Household Taxpayer

If Taxable Income is:	Tax Rate will be:
Not over $63,000	0%
Over $63,000 but not over $551,350	15%
Over $551,350	20%

Net Investment Income Tax & Additional Medicare Tax Threshold — NOT Indexed for Inflation

Filing Status	Applicable Threshold Amount
Married Filing Jointly	$250,000
Married Filing Separately	$125,000
All Others	$200,000

The Alternative Minimum Tax

Exemption Amounts

Filing Status	Exemption Amount
Married Filing Jointly	$126,500
Married Filing Separately	$64,400
All Others	$85,700

Phaseout

Filing Status	Phaseout Amount
Married Filing Jointly	$1,156,300
All Others	$609,350

Threshold Amounts

Filing Status	Where the 26% bracket ends and the 28% bracket begins
Married Filing Separately	$119,300
All Others	$232,600

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2024 Individual Tax Rate Threshold "Cheat Sheet"

Keebler & Associates, LLP

Estate and Gift Tax

2024 Gift, Estate and GST Tax Rate

2024 Gift, Estate and GST Tax Rate	40%

2024 Ordinary Income Tax Brackets for Estates & Trusts

If Taxable Income is:	Tax will be:
Not over $3,100	10% of taxable income
Over $3,100 but not over $11,150	$310 plus 24% of excess over $3,100
Over $11,150 but not over $15,200	$2,242 plus 37% of excess over $11,150
Over $15,200	$3,693.50 plus 37% of excess over $15,200

2024 Long-Term Capital Gains Tax Brackets for Estates & Trusts

If Taxable Income is:	Tax Rate will be:
Not over $3,150	0%
Over $3,150 but not over $15,450	15%
Over $15,450	20%

2024 Marital Deduction Limits

Donor:	Limit:
U.S. Citizen Spouse – Outright	Unlimited
U.S. Citizen Spouse – Trust with QTIP Election	Unlimited
Non-U.S. Citizen Spouse	$185,000

2024 Gift, Estate and GST Tax Exemption Amount

Donor:	Amount:
Individual	$13,610,000
Married (two spouses)	$27,220,000

2024 Annual Exclusion Amount

Donor:	Amount:
Individual	$18,000
Married (two combined)	$36,000

2024 Section 2032A Special Use Valuation

	Amount:
If the executor elects to use the special use valuation method under § 2032A for qualified real property, the aggregate decrease in the value of qualified property resulting from election to use § 2032A for purposes of the estate tax cannot exceed	$1,140,000

Standard Deduction

Filing Status:	Standard Deduction:
Married Filing Jointly	$29,200
Married Filing Separately	$14,600
Head of Household	$21,900
Single	$14,600

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IRA Trust Client Summary Chart 2024

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Robert S. Keebler, CPA/PFS, MST, AEP: IRA Trust Client Summary

New 10-Year Payout Rule

Under the SECURE Act, post-death required minimum distributions (RMD) to a "designated beneficiary" (e.g. children) can no longer be "stretched" over that beneficiary's life expectancy.

Indeed, the designated beneficiary's "inherited" IRA (and/or "inherited" qualified plan) must be completely distributed out to the beneficiary as of December 31st following the tenth anniversary of the IRA/qualified plan owner's death (e.g. 12/31/2030 for an IRA/qualified plan owner dying in 2020).

This is a significant change and presents a new income tax trap for the unwary. Therefore, most families will benefit from carefully reconsidering their beneficiary designations and taking steps to assure that IRAs are prudently managed after their death.

Should My IRA be Payable to a Trust?

1. Asset Protection: Consider whether your beneficiaries are ready for the amount of money you have invested. If not, a trust may be advisable. Some of the issues to consider are maturity, spendthrifts, investment experience, divorce protection, and other conditions which could arise.
2. Good Hand Control: You also may be interested in exercising control of the assets after your death. For example, you might think receiving a large sum would interfere with a beneficiary's career development or have concerns that your surviving spouse may divert assets from your family.
3. Eligible Designated Beneficiary: If your beneficiary is, or may be at your death, disabled or chronically ill, a trust will almost certainly be advisable. Such persons may have difficult managing the funds and may be able to receive eligible for government benefits if the funds are in trust.
4. Bracket Arbitrage: Prudent management post-mortem this issue requires the beneficiary to understand the tax consequences of distributions: impulsive distributions or impulsively skipping distributions can easily and inadvertently cause up to 15% of the IRA to be lost to unnecessary taxation. A competent trustee can help beneficiaries effectively manage this and for some families the value of savings will more than offset the cost of using a trust.

Tax Rates & Thresholds

TOP OF EACH BRACKET

	S	MFJ/QW	MFS	HOH	TBE
10%	$ 11,600	$ 23,200	$ 11,600	$ 16,550	$ 3,100
12%	$ 47,150	$ 94,300	$ 47,150	$ 63,100	-
22%	$ 100,525	$ 201,050	$ 100,525	$ 100,500	-
24%	$ 191,950	$ 383,900	$ 191,950	$ 191,950	$ 11,400
32%	$ 243,725	$ 487,450	$ 243,725	$ 243,700	-
35%	$ 609,350	$ 731,200	$ 365,600	$ 609,350	$ 14,500
37%					

TOP OF EACH CAPITAL GAINS BRACKET

	S	MFJ/QW	MFS	HOH	TBE
0%	$ 47,025	$ 94,050	$ 47,025	$ 63,000	$ 3,150
15%	$ 518,900	$ 583,750	$ 291,875	$ 551,350	-
20%					

3.8% NIIT THRESHOLDS

S	MFJ/QW	MFS	HOH
$ 200,000	$ 250,000	$ 125,000	$ 200,000

"Flying Below the Radar"

Thresholds for married filing jointly

Eligible Designated Beneficiary

Notwithstanding the above, there is a new class of beneficiaries, referred to as "eligible designated beneficiaries" ("EDBs"), who are still permitted to take post-death RMDs over their calculated life expectancy.

Below is a list of EDBs:

1. The surviving spouse of the IRA/qualified plan owner
2. The IRA/qualified plan owner's children who are under the "age of majority" at the time of the IRA/qualified plan owner's death
   - A child may be treated as not reaching the "age of majority" if he/she has not completed a "specified course of education" and is under the age of 26.
   - Once a child has reach the "age of majority", the IRA (and/or qualified plan) must be completed distributed out to the beneficiary within ten years after reaching the "age of majority"
3. Disabled persons
4. Chronically ill persons
5. An individual not more than ten years younger than the IRA owner

It is important to note that upon an EDB's death, the successor beneficiary must withdraw the remaining IRA (and/or qualified plan) balance by December 31st following the tenth anniversary of the EDB's death (e.g. 12/31/2030 for an EDB who dies in 2020).

Moreover, in order to effectively take advantage of most of these strategies additional planning beyond a beneficiary designation will be required.

Multigenerational Trust Bracket Arbitrage

Bracket arbitrage savings are both easy and difficult to compute, depending on your perspective. It difficult to compute precisely because the future is uncertain. Consider that the value of your IRA assets will change from when you undertake planning, to your death, and to when the beneficiaries take distributions. Second, knowing the tax rate your beneficiary will be subject to, in day 1 dollars, is extremely difficult. However, inaction is equally problematic. First, recognize that assets in an IRA grow tax-deferred, which provides an incentive to avoid unnecessary early distributions. Second, tax rate progressivity is a feature of the tax code no one expects to change. Consider the tax rate you are subject to, compared to children and then compared to your grandchildren. Therefore, for almost everyone, small distributions will be subject to a lower rate than a large distribution and preserving large required minimum distributions is valuable.

Tax Rate	Size of IRA at Death			
Difference	$ 400,000	$ 500,000	$ 800,000	$1,000,000
10.0%	$ 40,000	$ 60,000	$ 80,000	$ 100,000
12.5%	$ 50,000	$ 75,000	$ 100,000	$ 125,000
15.0%	$ 60,000	$ 90,000	$ 120,000	$ 150,000

To determine your potential tax savings, you must determine the difference in tax rates the distributions would be subject to without the trust. For example, your children may find it advisable for the grandchildren to recognize the IRA income at low rates. Such later considerations would be impossible without a trust. You may also want to consider that your beneficiaries could mismanage the distributions and unnecessarily incur additional taxation.

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Traditional IRA RMD Flowchart Chart 2024

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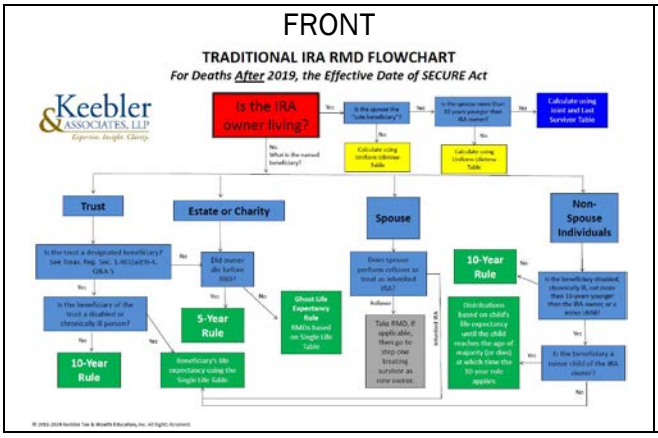

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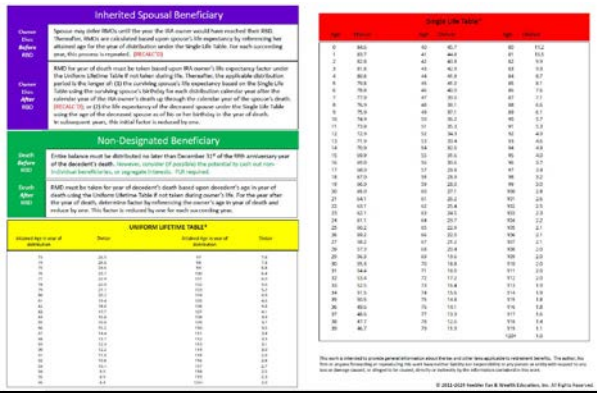

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