

Guest Column: Maximizing Financial Opportunities in 2024

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As we embark on a new year, there are a few notable changes that you may find beneficial.

The U.S. government has announced new retirement account contribution limits, a new 529 rollover into an IRA option, and Social Security cost-of-living increases. Below is a brief overview of those changes.

401(k) Plans and Other Defined Contribution Plans

The employee contribution limit for 401(k) plans, 403(b) plans, most 457 plans, and the Thrift Savings Plan (TSP) is increasing to \$23,000 in 2024, up from \$22,500 in 2023. The catch-up contribution limit for participants aged 50 and older remains unchanged at an additional \$7,500 for the year.

Individual Retirement Accounts (IRAs)

The contribution limit for IRAs is increasing to \$7,000 in 2024, up from \$6,500 in 2023. The catch-up contribution limit for IRA participants aged 50 and older remains unchanged at \$1,000 for a total of \$8,000 for 2024.

Other Retirement Account Contribution Limits

The following retirement account contribution limits are also increasing for 2024:

- SIMPLE IRA employee contribution limit: \$16,000 (up from \$15,500 in 2023). The catch-up contribution allows employees aged 50 and older an additional \$3,500 for the year, or \$19,500 for 2024.
- SEP IRA employer contribution limit: Up to 25% of compensation with a maximum of \$69,000 for 2024.

If you are saving for retirement, these changes provide an opportunity to increase your contributions to reach your savings goals. To adjust your contributions, you will need to contact your plan administrator or your employer.

529 Rollover to Roth IRA

This is a new provision that allows you to rollover up to \$35,000 of unused funds from a 529 plan to a Roth IRA for the beneficiary of the 529 plan.

To be eligible, the 529 plan must have been open for at least 15 years and the funds being rolled over must have been in the 529 plan for at least five years.

The annual rollover limit is the lesser of the annual Roth IRA contribution limit (\$6,000 for 2023) and the amount of unused funds in the 529 plan. There is a lifetime rollover limit of \$35,000 per beneficiary.

Social Security Increases

The cost-of-living adjustment (COLA) for Social Security benefits will be 3.2 percent starting January 2024. This means that Social Security recipients will see a 3.2 percent increase in their monthly benefits next year. Recipients will not need to apply for the increase as it will be automatically adjusted.

Final Thoughts

As you navigate the financial landscape in the new year, consult with your financial and tax professionals to assess your circumstances and develop a personalized financial plan that aligns with your goals and risk tolerance. By staying informed and making proactive decisions, you can more effectively manage your finances while working toward a brighter financial future.

Information in this column is for general purposes only and not intended as investment, tax, or legal advice. Please consult the appropriate professionals for specific information regarding your individual situation prior to making any financial decision.

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