

Looking Ahead to 2024: Tax Planning, Changes to Retirement Plans and Elections

As we close out 2023, now is the time to consider upcoming changes to the law that could impact your 2024 planning, including those to the gift tax exemption, rules for Required Minimum Distributions and new reporting obligations for businesses.

Gift and Estate Tax and GST Exemptions. The gift and estate tax lifetime exemption amount will increase again in 2024 from \$12.92 million to \$13.61 million per person (\$27.22 million for married couples). The generation-skipping transfer (GST) tax exemption is set at the same amount as the gift and estate tax exemption. This means the GST exemption amount will also increase to \$13.61 million per person in 2024.

Under current law, the gift and estate tax and GST exemptions are scheduled to be reduced by half on January 1, 2026 (subject to adjustments for inflation). Clients can take advantage of the increased gift tax and GST exemption amounts through 2025 by making completed gifts prior to January 1, 2026.

Annual Exclusion. Each year, the Internal Revenue Service permits a donor to transfer a specified amount to a noncharitable donee without using any of the donor's gift and estate tax exemption, which is called the "annual exclusion." In 2024, the annual exclusion will increase from \$17,000 to \$18,000 per donor for each recipient for taxable gifts. This means a donor may gift up to \$18,000 to a donee in 2024 without using any of the donor's gift and estate tax exemption. Any gifts that exceed the annual exclusion amount must be reported on a Form 709 (Gift Tax Return).

Changes to Rules for Required Minimum Distributions. Tax law requires that individuals of a certain age receive a certain amount in distributions per year from their retirement accounts. These mandatory distributions are called Required Minimum Distributions (RMDs).

In 2023, the RMD date—the date the original account owner must begin to receive distributions—was raised under the SECURE 2.0 Act. The new mandatory RMD date is based on the original account owner's age:

- Born in 1950 or earlier—RMD age is 72.

POSTED:

Dec 18, 2023

RELATED PRACTICES:

[Trusts and Estates](#)

<https://www.reinhartlaw.com/practices/trusts-and-estates>

[Tax](#)

<https://www.reinhartlaw.com/practices/tax>

RELATED SERVICES:

[Federal Tax Planning](#)

<https://www.reinhartlaw.com/services/federal-tax-planning>

[Trust Services](#)

<https://www.reinhartlaw.com/services/trust-services>

[Trust, Estate and Fiduciary Litigation](#)

<https://www.reinhartlaw.com/services/trust-estate-and-fiduciary-litigation>

[Retirement Planning/IRA Planning](#)

<https://www.reinhartlaw.com/services/retirement-planningira-planning>

RELATED PEOPLE:

[Shannon M. West](#)

<https://www.reinhartlaw.com/people/shannon-west>



- Born between 1951 and 1959—RMD age is 73.
- Born in 1960 or later—RMD age is 75.

The current rules permit original account owners who turned 72 in 2023 to delay their first RMD until age 73. Because the first RMD may be taken April 1 of the year following the first mandatory RMD year, original account owners who turned 72 in 2023 are not required to take their first RMD until April 1, 2025.

Beginning in 2024, lifetime RMDs will no longer be required for employer-sponsored Roth accounts. However, for individuals who turned 73 in 2023, Roth account RMDs are still required for 2023. Those RMDs must be made no later than April 1, 2024. As of January 1, 2024, RMDs will not be required for Roth accounts until after the original account owner's death.

Section 529 Plan Rollovers to Roth IRAs. Beginning January 1, 2024, beneficiaries of certain 529 plans may rollover surplus 529 assets into a Roth IRA without incurring a penalty. To qualify for the rollover, the 529 account must have existed for at least 15 years and the distribution must be made directly into the Roth IRA.

The maximum amount a 529 plan beneficiary may rollover to a Roth IRA in his or her lifetime is \$35,000. For 2024, annual individual IRA contribution amounts are capped at \$7,000 for individuals 49 and under and \$8,000 for individuals 50 and older. This means that it may take a beneficiary under the age of 50 up to six years to reach the lifetime 529 rollover amount.

Corporate Transparency Act. Business owners should be aware of new federal reporting obligations under the Corporate Transparency Act (CTA) effective January 1, 2024. Reinhart's comprehensive summary of the new obligations under the CTA is available [here](#).

2024 Elections. 2024 is not just a presidential election year. All 435 seats in the U.S. House of Representatives and 34 of the 100 seats in the U.S. Senate will also be on the ballot. Republicans currently control the House and Democrats currently control the Senate. If one party wins control of both chambers, we are more likely to see significant legislative reforms, including possible changes to tax laws. If the House and the Senate continue to be controlled by different parties, any such legislation is unlikely.

If you have questions or concerns regarding your estate planning for 2024, or have questions regarding any of these topics, please contact [Shannon \(Toole\)](#)



[West](#) or another attorney in Reinhart's [Trusts and Estates Practice](#).

These materials provide general information which does not constitute legal or tax advice and should not be relied upon as such. Particular facts or future developments in the law may affect the topic(s) addressed within these materials. Always consult with a lawyer about your particular circumstances before acting on any information presented in these materials because it may not be applicable to you or your situation. Providing these materials to you does not create an attorney/client relationship. You should not provide confidential information to us until Reinhart agrees to represent you.