



# Jim Lange's 2024-2025 Tax Planning Card

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## HOW to COMPUTE YOUR FEDERAL INCOME TAX

**Example:** For a married couple in 2024 with taxable income of \$100,000, refer to the *MARRIED FILING JOINTLY* section of the 2024 chart listed below. See \$94,301 - \$201,050 and calculate as follows:

$$\$100,000 \times 22\% = \$22,000 - \$9,894 = \$12,106$$

## CALCULATION of TAXABLE INCOME

To determine taxable income, please follow these steps:

1. List your total income. (*U.S. Form 1040, Line 9*)
2. Subtract adjustments to income, which include various deductions from Schedule 1 (*Line 26*)
3. You now have your adjusted gross income, AGI. (*Line 11*)
4. Subtract the larger of your standard deduction, or your itemized deductions from Schedule A. (*Line 12*)
5. Subtract your qualified business income deduction. (*Line 13*)
6. Arrive at taxable income. (*Line 15*)
7. Insert taxable income into the appropriate table below.
8. Make adjustments for qualified dividends and capital gains.

### 2024 QUICK CALC

#### MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 23,200	x 10%	- \$ 0	= Tax
23,201 - 94,300	x 12%	- 464	= Tax
94,301 - 201,050	x 22%	- 9,894	= Tax
201,051 - 383,900	x 24%	- 13,915	= Tax
383,901 - 487,450	x 32%	- 44,627	= Tax
487,451 - 731,200	x 35%	- 59,251	= Tax
731,201 and above	x 37%	- 73,875	= Tax

#### SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,600	x 10%	- \$ 0	= Tax
11,601 - 47,150	x 12%	- 232	= Tax
47,151 - 100,525	x 22%	- 4,947	= Tax
100,526 - 191,950	x 24%	- 6,958	= Tax
191,951 - 243,725	x 32%	- 22,314	= Tax
243,726 - 609,350	x 35%	- 29,626	= Tax
609,351 and above	x 37%	- 41,813	= Tax

#### HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 16,550	x 10%	- \$ 0	= Tax
16,551 - 63,100	x 12%	- 331	= Tax
63,101 - 100,500	x 22%	- 6,641	= Tax
100,501 - 191,950	x 24%	- 8,651	= Tax
191,951 - 243,700	x 32%	- 24,007	= Tax
243,701 - 609,350	x 35%	- 31,318	= Tax
609,351 and above	x 37%	- 43,505	= Tax

#### MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,600	x 10%	- \$ 0	= Tax
11,601 - 47,150	x 12%	- 232	= Tax
47,151 - 100,525	x 22%	- 4,947	= Tax
100,526 - 191,950	x 24%	- 6,958	= Tax
191,951 - 243,725	x 32%	- 22,314	= Tax
243,726 - 365,600	x 35%	- 29,626	= Tax
365,601 and above	x 37%	- 36,938	= Tax

### 2025 QUICK CALC

#### MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 23,850	x 10%	- \$ 0	= Tax
23,851 - 96,950	x 12%	- 477	= Tax
96,951 - 206,700	x 22%	- 10,172	= Tax
206,701 - 394,600	x 24%	- 14,306	= Tax
394,601 - 501,050	x 32%	- 45,874	= Tax
501,051 - 751,600	x 35%	- 60,906	= Tax
751,601 and above	x 37%	- 75,938	= Tax

#### SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,925	x 10%	- \$ 0	= Tax
11,926 - 48,475	x 12%	- 239	= Tax
48,476 - 103,350	x 22%	- 5,086	= Tax
103,351 - 197,300	x 24%	- 7,153	= Tax
197,301 - 250,525	x 32%	- 22,937	= Tax
250,526 - 626,350	x 35%	- 30,453	= Tax
626,351 and above	x 37%	- 42,980	= Tax

#### HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 17,000	x 10%	- \$ 0	= Tax
17,001 - 64,850	x 12%	- 340	= Tax
64,851 - 103,350	x 22%	- 6,825	= Tax
103,351 - 197,300	x 24%	- 8,892	= Tax
197,301 - 250,500	x 32%	- 24,676	= Tax
250,501 - 626,350	x 35%	- 32,191	= Tax
626,351 and above	x 37%	- 44,718	= Tax

#### MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,925	x 10%	- \$ 0	= Tax
11,926 - 48,475	x 12%	- 239	= Tax
48,476 - 103,350	x 22%	- 5,086	= Tax
103,351 - 197,300	x 24%	- 7,153	= Tax
197,301 - 250,525	x 32%	- 22,937	= Tax
250,526 - 375,800	x 35%	- 30,453	= Tax
375,801 and above	x 37%	- 37,969	= Tax

*Note:* Net long-term capital gains and qualified dividends will reduce computed Quick Calc tax liability, while the alternative minimum tax and net investment income tax and other factors increase it.

#### Should You Make a Roth IRA Conversion?

Your current and future tax brackets must be factored into any decisions concerning converting a portion or even all your IRA into a Roth IRA. For an in-depth look at the topic, please read Chapter 15 in Jim's book, *Retire Secure for Professors and TIAA Participants*.

## NEW SENIOR DEDUCTIONS

For tax years beginning *before* January 1, 2029, individuals age 65 or older may qualify for a senior deduction on top of standard or itemized deductions. **Deduction Amount:** \$6,000 for single filers; \$12,000 for married couples filing jointly (*if both spouses are age 65 or older*). **Income Phase-Out:** Begins at \$75,000 MAGI for single filers and \$150,000 MAGI for joint filers. *Note: Deduction is reduced by 6% of the excess income above these thresholds.*

## 2024 and 2025 STANDARD DEDUCTIONS

The standard deduction is the amount you may deduct if you do not itemize your deductions.

	2024 Standard Deduction	2024 + Age 65 or Over or Blind (EACH)	2025 Standard Deduction	2025 + Age 65 or Over or Blind (EACH)
Married Filing Jointly or Qualifying Widow(er)	\$ 29,200	\$ 1,550	\$31,500	\$ 1,600
Single	14,600	1,950	15,750	2,000
Head of Household	21,900	1,950	23,625	2,000
Married Filing Separately	14,600	1,550	15,750	1,600

## PENNSYLVANIA INCOME TAXES

### PA Individual Income Tax

The Pennsylvania individual income tax rate remains at 3.07% for 2024 and 2025.

### PA Corporate Tax

Beginning January 1, 2023, this rate will be reduced from 9.99% to 8.99%. Each year after 2023 the rate will be reduced 0.5% until 2031 when it reaches 4.99%. For tax years beginning January 1, 2024 through December 31, 2024, the PA Corporate Tax rate is 8.49%. For tax years beginning January 1, 2025 through December 31, 2025, the PA Corporate Tax rate is 7.99%.

### Pittsburgh Income Tax

The Pittsburgh individual earned income tax rate remains at 3% for 2024 and 2025 for city residents.

## SOCIAL SECURITY/SELF-EMPLOYMENT TAX

	Taxable Wages	(%)	Maximum Amount	S.E. (%)	Maximum S.E.
2025	\$ 0 - 176,100	7.65%	\$ 13,472	15.3%	\$26,943
2025	\$176,101 and above	1.45%	unlimited	2.9%	unlimited

The normal three components of the Social Security Tax are:

1. Social Security Tax	5.60%
2. Disability	.60%
3. Medicare Hospital	1.45%
<b>Paid by Employees &amp; Employers</b>	<b>7.65%*</b>

\* The Self-Employment Tax is twice this amount. Also please note that one-half of the self-employment tax is deductible as an adjustment to income.

*Note:* An additional Medicare Tax Rate of 0.9% is applied to self-employment income and wages over threshold amounts after December 31, 2012.

## ESTATE and INHERITANCE TAXES

### Pennsylvania Inheritance Tax

Transfers to lineal heirs (such as children, grandchildren, parents and grandparents) are taxed at 4½%. Transfers to siblings are taxed at 12% and all other transfers (except transfers to charity) are taxed at 15%.

Pennsylvania still allows unlimited tax-free transfers to spouses.

### Federal Estate and Gift Tax

The federal government allows unlimited transfers to spouses who are American citizens.

In 2025, the maximum amount that can be transferred from an estate to non-spouses without incurring any federal estate taxes is \$13,990,000 per individual or \$27,980,000 per married couple. Also in 2025, the gift tax exclusion per donee is \$19,000/year.

The lifetime gift exemption increases to \$13,610,000 in 2024 and to \$13,990,000 in 2025.

## 2024 and 2025 MAXIMUM RETIREMENT PLAN CONTRIBUTIONS

Plan Type	2024	2024 Age 50 or Over	2025	2025 Age 50 or Over	2025 Ages 60-63
Roth IRA	\$ 7,000	\$ 8,000	\$ 7,000	\$ 8,000	\$ 8,000
IRA	7,000	8,000	7,000	8,000	8,000
SEP ( <i>Self-Employed</i> )	69,000	69,000	70,000	70,000	70,000
SEP ( <i>Employee</i> )	69,000	69,000	70,000	70,000	70,000
403(b)/Roth 403(b) ( <i>Employee</i> )	23,000	30,500	23,500	31,000	34,750
401(k)/Roth 401(k) ( <i>Employee</i> )	23,000	30,500	23,500	31,000	34,750
SE Profit Sharing/401(k)s*	69,000	76,500	70,000	77,500	81,250
Single Person 401(k) Plan*	69,000	76,500	70,000	77,500	81,250
SIMPLE	16,000	19,500	16,500	20,000	21,750

\*401(k) plan limits include elective deferral contributions.

*Note:* Secure Act 2.0 increased the catch-up contribution for taxpayers aged 60–63 to \$11,250 (\$5,250 for SIMPLE plans) for 2025. Beginning in 2026, high-income earners will be required to use the Roth option for any catch-up contributions made to employer sponsored plans.

## STRATEGIC ADVICE and MONEY MANAGEMENT for ONE PRICE

Optimal retirement and estate planning involves recognizing and tackling “*big picture*” agenda items like your goals and dreams, but it also benefits from implementing tax-savvy strategies for pre-retirement, post-retirement, and legacy planning issues. The list of issues includes safe withdrawal rates, gifting and charitable contributions, timing and optimizing possible Roth conversions, and much more.

Our CPAs and I can add enormous value for you. We are known for our extensive tax-impact analysis that we affectionately refer to as “*number crunching*.”

If you are interested, we can also recommend an excellent low-cost, data-driven, money management firm that offers excellent service and astute investment practices. You pay their investment management fee, but that includes the services of our number crunching CPAs who help set up your initial plan, and then offer an ongoing annual review as long as you retain our services. For each annual review, we spend roughly two hours preparing, two hours in meetings with you, and two hours formulating our report and our summary of recommendations.

If working with us in concert with one of our recommended money managers sounds exciting to you, please call our office to see how you can get started.

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