



# Jim Lange's 2023-2024 Tax Planning Card

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## HOW to COMPUTE YOUR FEDERAL INCOME TAX

**Example:** For a married couple in 2023 with taxable income of \$95,000, refer to the *MARRIED FILING JOINTLY* section of the 2023 chart listed below. See \$89,451 - \$190,750 and calculate as follows:

$$\$95,000 \times 22\% = \$20,900 - \$9,385 = \$11,515$$

## 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.

### 2023 QUICK CALC

MARRIED FILING JOINTLY  
or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 22,000	x 10%	- \$ 0	= Tax
22,001 - 89,450	x 12%	- 440	= Tax
89,451 - 190,750	x 22%	- 9,385	= Tax
190,751 - 364,200	x 24%	- 13,200	= Tax
364,201 - 462,500	x 32%	- 42,336	= Tax
462,501 - 693,750	x 35%	- 56,211	= Tax
693,751 and above	x 37%	- 70,086	= Tax

#### SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,000	x 10%	- \$ 0	= Tax
11,001 - 44,725	x 12%	- 220	= Tax
44,726 - 95,375	x 22%	- 4,693	= Tax
95,376 - 182,100	x 24%	- 6,600	= Tax
182,101 - 231,250	x 32%	- 21,168	= Tax
231,251 - 578,125	x 35%	- 28,106	= Tax
578,126 and above	x 37%	- 39,668	= Tax

#### HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 15,700	x 10%	- \$ 0	= Tax
15,701 - 59,850	x 12%	- 314	= Tax
59,851 - 95,350	x 22%	- 6,299	= Tax
95,351 - 182,100	x 24%	- 8,206	= Tax
182,101 - 231,250	x 32%	- 22,774	= Tax
231,251 - 578,100	x 35%	- 29,712	= Tax
578,101 and above	x 37%	- 41,274	= Tax

#### MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,000	x 10%	- \$ 0	= Tax
11,001 - 44,725	x 12%	- 220	= Tax
44,726 - 95,375	x 22%	- 4,693	= Tax
95,376 - 182,100	x 24%	- 6,600	= Tax
182,101 - 231,250	x 32%	- 21,168	= Tax
231,251 - 346,875	x 35%	- 28,106	= Tax
346,876 and above	x 37%	- 35,043	= Tax

### 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

*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 are an integral factor to be considered in the decision to convert a portion or even all of your IRA to a Roth IRA. For more information, please see Jim's book, *The Roth Revolution: Pay Taxes Once and Never Again*.

## PERSONAL EXEMPTIONS

Personal exemptions are the amount you may deduct for yourself, your spouse, and your dependents.

As a result of the passage of The 2017 Tax Cuts and Jobs Act, all personal and dependent exemptions have been suspended for the tax years of 2018 through 2025.

## PENNSYLVANIA INCOME TAXES

### PA Individual Income Tax

The Pennsylvania individual income tax rate remains at 3.07% for 2023 and 2024.

### 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%.

### Pittsburgh Income Tax

The Pittsburgh individual earned income tax rate remains at 3% for 2023 and 2024 for city residents.

## 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 2024, the maximum amount that can be transferred from an estate to non-spouses without incurring any federal estate taxes is \$13,610,000 per individual or \$27,220,000 per married couple.

In 2024, the gift tax exclusion per donee is \$18,000/year.

The lifetime gift exemption increases to \$12,920,000 in 2023 and to \$13,610,000 in 2024.

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## 2023 and 2024 STANDARD DEDUCTIONS

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

	2023 Standard Deduction	2023 + Age 65 or Over or Blind (EACH)	2024 Standard Deduction	2024 + Age 65 or Over or Blind (EACH)
Married Filing Jointly or Qualifying Widow(er)	\$ 27,700	\$ 1,500	\$29,200	\$ 1,550
Single	13,850	1,850	14,600	1,950
Head of Household	20,800	1,850	21,900	1,950
Married Filing Separately	13,850	1,500	14,600	1,550

## SOCIAL SECURITY/SELF-EMPLOYMENT TAX

	Taxable Wages	(%)	Maximum Amount	S.E. (%)	Maximum S.E.
2024	\$ 0 - 168,600	7.65%	\$ 12,898	15.3%	\$25,796
2024	\$168,601 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%
Paid by Employees & Employers	7.65%*

\* 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.

## 2023 and 2024 MAXIMUM RETIREMENT PLAN CONTRIBUTIONS

Plan Type	2023	2023 Age 50 or Over	2024	2024 Age 50 or Over
Roth IRA	\$ 6,500	\$ 7,500	\$ 7,000	\$ 8,000
IRA	6,500	7,500	7,000	8,000
SEP (Self-Employed)	66,000	66,000	69,000	69,000
SEP (Employee)	66,000	66,000	69,000	69,000
403(b)/Roth 403(b) (Employee)	22,500	30,000	23,000	30,500
401(k)/Roth 401(k) (Employee)	22,500	30,000	23,000	30,500
Self-Employed Profit Sharing/401(k)'s*	66,000	73,500	69,000	76,500
Single Person 401(k) Plan*	66,000	73,500	69,000	76,500
SIMPLE	15,500	19,000	16,000	19,500

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

## Consider a Personalized Financial Masterplan to Help You Get the Most Out of What You've Got

We can help your family by developing a personal **Financial Masterplan**—informally referred to as “*running the numbers*.” Our signature comprehensive financial analysis projects safe retirement withdrawal rates and the advantages and disadvantages and the optimal timing and amount of Roth IRA conversions for your particular situation. We also include Social Security optimization, as well as gifting and charitable giving strategies among other calculations and strategies. We also review your estate plan and make recommendations. It is a highly individualized service. It has the potential to save a family hundreds of thousands of dollars through optimizing all the variables to produce the greatest tax savings. Developing a personal **Financial Masterplan** is a fee-for service arrangement offered through **Lange Accounting Group, LLC**.

**Lange Financial Group, LLC** works in concert with affiliated money management firms to coordinate investment planning with strategic tax planning. All joint clients are entitled to a personal **Financial Masterplan** at no additional cost. In addition, we provide ongoing annual reviews to adjust your **Financial Masterplan** for changing circumstances. Independent of Lange’s services, the money management firm also provides periodic reviews of investment strategies.

If you are interested in having our firm “*run your numbers*” to develop your personal **Financial Masterplan** or if you have an interest in assets-under-management services, please visit <https://PayTaxesLater.com/NextSteps>