



OUR MISSION IS TO CHANGE LIVES. ONE "HEMINGTON" AT A TIME.

# SPECIAL TAX EDITION NEWSLETTER

FEBRUARY 2024

## Hemington's Tax Updates

**Tax season is upon us! In this newsletter, we share information to help you navigate this tax season and prepare for the year ahead, including an update on tax documents at Schwab; higher limits for retirement account contributions, gifting, and other tax provisions; and a way to pay your tax bill online. As always, please reach out to your Hemington team if you have any questions.**

### Tax Season at Schwab

Below are key tips for your TD Ameritrade and Schwab tax documents for 2023.

First, **clients who transitioned from TD Ameritrade to Schwab may receive two 1099s for their relevant accounts** – one from TD Ameritrade for pre-conversion activity and another from Schwab for post-conversion activity. The 1099 forms for both custodians should be available by **Friday, February 16th**. TD Ameritrade has a fourth production run for 1099s on February 29th, and an original 1099 could post on this date.

- » **If you set up electronic delivery for your statements and tax forms**, you should receive an email from Schwab to notify you that your 1099s are available on Schwab Alliance (for both TD Ameritrade and Schwab 1099s).
- » **If you receive Schwab communications through the postal mail**, TD Ameritrade and Schwab will mail the tax forms to the address on record for each account.

**Some accounts may not receive a tax form.** TD Ameritrade and Schwab will produce a tax form for an account if the account receives at least \$10 of income or there is a 1099-B reportable transaction.

**TD Ameritrade and Schwab are required to provide a corrected 1099 to investors**, if they receive updated information from the issuers of securities (e.g., the mutual fund company) after the initial tax form was provided. The corrected 1099 will be shared as a separate document, and you may receive more than one corrected 1099.

### Locating Tax Documents on Schwab Alliance

All tax forms will be available on Schwab Alliance ([www.SchwabAlliance.com](http://www.SchwabAlliance.com)). After you log in to Schwab, click on **Accounts** at the top left of your screen and then select **Statements** to find your 1099 Dashboard. Below is a link to a video to help guide you through the process. If you have questions or need help to set up your Schwab Alliance credentials, please reach out to your Hemington team.

### Video: How to find my tax documents for Schwab and TD Ameritrade

Visit: [www.schwab.com/content/how-to-find-my-tax-documents](http://www.schwab.com/content/how-to-find-my-tax-documents)

### Did you know that you can pay your tax bill online?

If you owe the IRS when you file your income tax returns, the IRS provides a secure online portal to pay your tax bill. The service is free, and you can pay taxes related to form 1040 or estimated taxes directly from your checking or savings account.

For more information or to make a payment, visit Direct Pay Internal Revenue Service: [www.irs.gov/payments/direct-pay](http://www.irs.gov/payments/direct-pay)

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## Contributions to Retirement Accounts

**Maximum Contribution Limits:** Annually the IRS adjusts the maximum amount that may be contributed to retirement accounts. Reach out to your HR department to adjust contributions for your workplace retirement accounts, if possible.

	2023	50+ Catch-up	2024	50+ Catch-up
<b>IRA/Roth IRA</b>	\$6,500	\$1,000	\$7,000	\$1,000
<b>SEP IRA</b>	\$66,000	Not Permitted	\$69,000	Not Permitted
<b>401(k) / 403(b) / 457(b) / TSP</b>	\$22,500	\$7,500	\$23,000	\$7,500
<b>Solo 401(k)</b>	\$66,000	\$7,500	\$69,000	\$7,500

\* Contribution limits may be lower, depending on your circumstances.

**Catch-up Contributions:** You become eligible for catch-up contributions in the year you turn 50.

**Spousal IRA:** For married couples filing a joint tax return, each spouse may contribute to an IRA based on the earnings of one spouse. This allows the “nonworking” spouse to contribute to his or her own IRA, even with no or low earned income.

**Roth IRA Income Limits:** Eligibility to directly contribute to a Roth IRA is affected by the amount of your modified AGI. For 2023, the income phase-out range is \$138,000 to \$153,000 for singles and \$218,000 to \$228,000 for a married couple filing jointly. For 2024, the phase-out range increases to \$146,000 to \$161,000 for singles and \$230,000 to \$240,000 for married filing jointly. For a married couple filing separately, the phase-out range remains unchanged at \$0 to \$10,000.

**Roth IRAs for Children:** For children with earned income, you may establish and fund a Roth IRA for them by April 15, 2024.

**Deadline for 2023 IRA Contributions:** You may make IRA contributions for your traditional IRA or Roth IRA up to the April 15, 2024, tax filing deadline. For SEP IRAs, the deadline for establishing and contributing to a SEP IRA is the business’s tax filing deadline, including extensions.

**If you are 50 or older, you may contribute up to \$30,500 to your 401(k) in 2024.**

## Inflation’s Impact on Tax Provisions

Each year the IRS imposes an annual inflation adjustment on certain tax provisions. While most people are aware that retirement contribution limits may change each year, below are highlights of other inflation adjustments for 2024.

- » **Annual exclusion for gifts** increases to \$18,000, up from \$17,000 in 2023.
- » **Qualified Charitable Distributions (QCDs)** are now inflation-indexed under the SECURE 2.0 Act. The limit is \$105,000 in 2024, up from \$100,000.
- » **Lifetime gift and estate tax exemption** increases to \$13.61 million, up from \$12.92 million in 2023.
- » **Social Security benefits** reflect an increase of 3.2% for 2024.
- » **Flexible spending account (FSA) contribution limit** increases to \$3,200, up from \$3,050 in 2023. Employers are not required to allow you to carryover a balance, so make sure you use the funds on qualified expenses within the allotted time.
- » **Maximum earnings subject to the Social Security payroll tax** increases to \$168,600, up from \$160,200.
- » **For 2024 income tax filings**, marginal income tax brackets and the standard deduction increase for 2024.

## About Hemington Wealth Management

Hemington Wealth Management provides high net worth individuals and families with a broad range of wealth management services including portfolio management. We are collaborative, accessible and responsive, making it easy for clients to work with our team.

### Falls Church, VA Office

7651 Leesburg Pike  
Falls Church, VA 22043

**Phone** 703.828.2479

**Email** info@hemingtonwm.com

### Chicago, IL Office

150 S. Wacker, Suite 2400  
Chicago, IL 60606

**Phone** 312.757.5339

**Email** info@hemingtonwm.com

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