

## KANAWHA CURRENTS

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### **SECURE Act 2.0**

A series of new rules related to retirement savings became law as part of the SECURE Act 2.0. Here are a few highlights that may impact our clients and their families.

### **RMD Beginning Age Increases to 73**

The required minimum distribution (RMD) age increased from 70 ½ to 72 with the passage of the initial SECURE Act three years ago. SECURE Act 2.0 increases the RMD beginning age again, this time to 73 for those born from 1951 to 1959, and to age 75 for those born in 1960 or later.

The 50% penalty assessed for failing to satisfy RMDs has been reduced to 25% beginning in 2023.

### **Changes Affecting Qualified Charitable Distributions (QCDs) from Individual Retirement Accounts**

Beginning in 2024, the annual \$100,000 limit on QCDs from IRAs will be indexed for inflation.

Beginning in 2023, QCDs can be used to fund a Charitable Remainder UniTrust (CRUT), Charitable Remainder Annuity Trust (CRAT), or a Charitable Gift Annuity. An IRA owner can only do this once during their lifetime and the amount is capped at \$50,000 (indexed for inflation). Please consult your tax accountant and/or legal advisor if considering as there are other requirements that must be satisfied.

The QCD eligibility age of 70 ½ will remain the same even though the RMD age is increasing to 73.

### **Employer-Based Roth Retirement Account RMDs Eliminated**

RMDs for employer-based Roth retirement plans will be eliminated beginning in 2024.

### **SEP and SIMPLE Roth IRAs**

The creation of SEP and SIMPLE Roth IRAs will be permitted under the new rules beginning in 2023 (assuming account custodians adopt the necessary forms).

### **529 Plan Rollovers to Roth IRAs**

Beginning in 2024, 529 account funds may be transferred tax-free to a Roth IRA assuming several conditions are met. The 529 plan must have been maintained for at least 15 years, contributions made to the 529 within the last five years are not eligible to be transferred, and the Roth account must be in the name of the 529 plan beneficiary. The annual dollar cap is the same as the annual IRA contribution limit and there is a maximum of \$35,000 that can be rolled into a Roth during a beneficiary's lifetime.

### **Retirement Account Catch-Up Contribution Limits Indexed for Inflation**

Beginning in 2024, IRA catch-up contribution limits for those ages 50 and older will increase with inflation. Beginning in 2025, new rules will increase employer-based catch-up contribution limits for those ages 60, 61, 62, and 63 (those with higher incomes will have to direct catch-up contributions to Roth plans).

Note SECURE Act 2.0 contains a large volume of retirement account related rules changes and those highlighted above only represent a small number of the new changes. Consult your tax professional for specific advice about your personal tax situation.

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Please find current income tax tables and other important financial information on the back page.

# KANAWHA CAPITAL MANAGEMENT

## 2023 Important Financial Information

2023 Tax Rate Schedule		Capital Gains Tax Rates		
Single (Unmarried Individuals)		Short-Term Capital Gain Rates (held 1 year or less)		Same as ordinary income
\$0 to \$11,000	10%	Long-Term Capital Gains (held > 1 year) and Qualified Dividends		
\$11,001 to \$44,725	12%	Single	Married Filing Jointly	Head of Household
\$44,726 to \$95,375	22%	Up to \$44,625	Up to \$89,250	Up to \$59,750
\$95,376 to \$182,100	24%	\$44,626 to \$492,300	\$89,251 to \$553,850	\$59,751 to \$523,050
\$182,101 to \$231,250	32%	\$492,301 +	\$553,851 +	\$523,051 +
\$231,251 to \$578,125	35%			
\$578,126 +	37%	Income Tax Deductions and Exemptions		
Married Filing Jointly & Surviving Spouse		Standard Deduction		
\$0 to \$22,000	10%	Single		\$13,850
\$22,001 to \$89,450	12%	Married filing jointly		\$27,700
\$89,451 to \$190,750	22%	Head of household		\$20,800
\$190,751 to \$364,200	24%	Over age 65 or blind additional standard deduction		
\$364,201 to \$462,500	32%	Married or surviving spouse		\$1,500
\$462,501 to \$693,750	35%	Single or not a surviving spouse		\$1,850
\$693,751 +	37%	Personal exemption		None
Head of Household		Retirement Plan Contribution Limits		
\$0 to \$15,700	10%	401(k), 403(b), 457 plans elective deferrals		\$22,500
\$15,701 to \$59,850	12%	Catch-up contributions for 50 and older		\$7,500
\$59,851 to \$95,350	22%	Defined contribution plans		\$66,000
\$95,351 to \$182,100	24%	Defined benefit plans		\$265,000
\$182,101 to \$231,250	32%	SIMPLE plans elective deferrals		\$15,500
\$231,251 to \$578,100	35%	Catch-up contributions for 50 and older		\$3,500
\$578,101 +	37%	Traditional and Roth IRA		\$6,500
Married Filing Separately		Catch-up contributions for 50 and older		\$1,000
\$0 to \$11,000	10%	Traditional IRA deductibility for active participants		Phaseout Limits:
\$11,001 to \$44,725	12%	Single		\$73,000 to \$83,000
\$44,726 to \$95,375	22%	Joint		\$116,000 to \$136,000
\$95,376 to \$182,100	24%	Spousal IRA if one spouse is covered by a plan		\$218,000 to \$228,000
\$182,101 to \$231,250	32%	Married filing separately		\$0 to \$10,000
\$231,251 to \$346,875	35%	Roth IRA income phaseout		
\$346,876 +	37%	Single and Head of Household		\$138,000 to \$153,000
Estates and Trusts		Joint		\$218,000 to \$228,000
\$0 to \$2,900	10%	Married filing separately		\$0 to \$10,000
\$2,901 to \$10,550	24%	Health Savings Account (HSA) Contribution Limits = \$3,850 for Self Only, \$7,750 for Family		
\$10,551 to \$14,450	35%	Catch-up contributions of \$1,000 for age 55 and older		
\$14,451 +	37%			
Estate and Gift Tax		Medicare Surtaxes		
Annual gift tax exclusion	\$17,000	0.9% on wages that exceed \$200,000 (Single) or \$250,000 (Married FJ)		
Estate and gift tax exclusion	\$12,920,000	3.8% on net investment income that falls above MAGI of \$200,000 (Single) or \$250,000 (Married FJ)		
Maximum estate tax rate	40%			
Medicare				
Part A Hospitalization				
First 60 days inpatient deductible		\$1,600 for each benefit period		
Days 61 - 90		\$400 per day, for each benefit period		
Days 91 +		\$800 per day, up to 60 days over lifetime (lifetime reserve days), then full amount per day		
Part B Premium: Those participants who enroll in Medicare Part B for the first time in 2023, whose MAGI from 2021 exceeded certain thresholds, or who don't get Social Security benefits may be subject to the premiums below.				
MAGI Single (for 2021)	MAGI Joint (for 2021)	Part B Monthly Premium		Part D Addition to Plan Premium
\$97,000 or less	\$194,000 or less	\$164.90		\$0
\$97,001 to \$123,000	\$194,001 to \$246,000	\$230.80		\$12.20
\$123,001 to \$153,000	\$246,001 to \$306,000	\$329.70		\$31.50
\$153,001 to \$183,000	\$306,001 to \$366,000	\$428.60		\$50.70
\$183,001 to \$500,000	\$366,001 to \$750,000	\$527.50		\$70.00
\$500,001 +	\$750,001 +	\$560.50		\$76.40
Part B Deductible		\$226		
Coinsurance		20% of Medicare-approved amount for most services		

Source: irs.gov, Rev. Proc. 2022-38, Centers for Medicare & Medicaid Services (cms.gov).

The data contained on this sheet is for informational purposes only and should not be interpreted as tax or investment advice.

Consult your tax professional for specific advice about your personal situation.