

2023 RETIREMENT PLAN REGULATIONS AND RELATED PLANNING CONSIDERATIONS

As we begin a new year, a few changes to 2023 retirement account contribution limits are noteworthy. An overview of these changes follows, although consultation with your Portfolio Manager or a tax professional is recommended before considering what options are right for you.

ACCOUNT TYPE	PURPOSE	2023 CONTRIBUTION LIMIT	TAX STATUS/BENEFITS	CONSIDERATIONS
Taxable Individual or Joint	general investing	No Limit	Income and capital gains are taxable in the year incurred	
Revocable Trust	general investing	No Limit	Income and capital gains are taxable in the year incurred	Trust language can specifically control how assets are to be distributed upon death and can be amended anytime during your life.
Irrevocable Trust	long-term, next generation-focused	No Limit; Current Federal exemption \$13 million	Assets grow outside of your estate and are no longer part of your taxable estate upon death	Once granted, funds are no longer under your control or for your benefit, as they are at the direction of designated trustees.
Roth IRA	retirement and post-retirement investing	\$6,500 (\$7,500 if 50 or older) *	Funded with after-tax \$; future withdrawals are tax-free **	Ability to add funds through taxable Roth conversions of traditional IRAs; worthy of consideration, ideally in lower AGI years
IRA	retirement investing	\$6,500 (\$7,500 if 50 or older) ***	Can fund with pre or post-tax earned income; taxed upon withdrawal	RMDs starting at age 73****; subject to withdrawal penalties before age 59 ½
SIMPLE IRA	retirement investing	\$15,500 (\$19,000 if 50 or older) ***	Can fund with pre-tax earned income; taxed upon withdrawal	RMDs starting at age 73****; subject to withdrawal penalties before age 59 ½
SEP IRA	retirement investing	lesser of 25% of compensation or \$66,000***	Employer-funded with pre-tax dollars; taxed upon withdrawal	RMDs starting at age 73****; subject to withdrawal penalties before age 59 ½
401k/403b	retirement investing	\$22,500 (\$30,000 if 50 or older) ***	Can fund with pre-tax earned income; taxed upon withdrawal; Roth options may be available	RMDs starting at age 73**** (unless currently employed with access to an employee sponsored plan); subject to withdrawal penalties before age 59 ½

*Roth IRAs have contribution limits based on adjusted gross income; this varies depending on how you file your taxes.

**Subject to withdrawal penalties if held less than 5 years, or if under the age of 59½; income limitations may restrict ability to directly contribute. Please consult a tax expert.

***All contributions are limited, and if income is less than stated limit, contributions are capped at earned income limits. Please see your Portfolio Manager or Tax Expert for more information.

****Given the passing of Secure Act 2.0, the age to begin taking RMDs increased to 73 in 2023 and it will increase to 75 in 2033.

CHARITABLE GIVING AND RELATED LEGACY CONSIDERATIONS

- When paired with appropriate estate and retirement planning strategies, charitable and personal giving can create valuable tax benefits. We would be happy to have a further conversation surrounding gifting.
- A reminder that you can make qualified 501c3 charitable contributions in the amount of your required minimum distribution at any time during the year. Under Secure Act 2.0, individuals are allowed a one time gift of up to \$50,000 to a charitable remainder unitrust, a charitable remainder annuity trust, or a charitable gift annuity. Please consult your Portfolio Manager and tax expert.
- Consider establishing a donor advised fund to front load planned charitable giving as doing so can potentially produce a significant taxable income offset. We are happy to help facilitate a conversation with your account custodian's charitable giving department.
- 2023 annual federal gift tax exemption thresholds have increased to \$17,000 per individual to any other individual. This can be a tax efficient way to transfer assets to your loved ones.

How can we help you? Please contact:
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