

By the numbers: What's around the corner in 2024



As 2023 makes way for 2024, you're no doubt inundated with information about the various IRS thresholds that are subject to adjustment. But have you thought about how each of these thresholds might be connected with your clients' charitable giving? Here are a few pointers to keep handy as you inform your clients about changes for 2024 and also help them tee up their charitable giving plans for the coming year.

1. Social Security COLA increases

The Social Security Administration [announced](#) a cost-of-living adjustment (COLA) increase of 3.2% that will take effect in January. This increase is less than half of 2023's COLA increase (which was the highest since 1981) and reflects inflation's decline in recent months.

Connection to charitable giving: Remember that retirees are a [unique](#) group when it comes to tools and techniques related to charitable giving. Remember also that 72% of Baby Boomers (and 88% of the Silent Generation!) [give](#) to charity every year, so if your clients include retirees, you're almost certainly dealing with philanthropic individuals. When you talk about the Social Security increase, it's a logical time to also bring up charitable giving plans for 2024.

2. Standard deduction increases

The [standard deduction](#) will increase in 2024 by approximately 5.5 percent to \$14,600 for single tax filers and \$29,200 for married couples filing jointly.

Connection to charitable giving: The standard deduction is an important factor in charitable giving. Your clients whose gifts to charity, plus other deductions, total more than the standard deduction are eligible to itemize deductions. You know this, of course, but it is worth talking with your clients about their 2024 charitable giving plans (and their last-minute plans for 2023!) to evaluate whether a [“bunching”](#) strategy, working with the Community Foundation, could be helpful to maximize a client’s intended support of favorite charities over the next few years.

3. [Tax brackets](#)

Though tax rates in each [tax bracket](#), ranging from 10% to 37%, aren’t changing, the income levels that define each bracket are increasing. Generally speaking, your clients can earn up to about 5% more in 2024 and remain in their 2023 tax bracket.

Connection to charitable giving: Reviewing tax brackets with your clients is a good time to bring up pending legislation known as the [Charitable Act](#), which would create a “universal deduction” even for taxpayers who do not itemize. A similar, pandemic-era [law](#) that has since expired helped boost giving following the drop in giving that occurred after the standard deduction increased in 2018.

4. [Qualified Charitable Distributions](#)

Each taxpayer aged 70½ and older may direct up to \$105,000 in distributions from an IRA to a qualified charity in 2024, [up](#) from \$100,000 in 2023. Note that your client can make a once-in-a-lifetime QCD to a charitable remainder trust or charitable gift annuity in the amount of \$53,000 in 2024 (adjusted for inflation from \$50,000 in 2023).

Connection to charitable giving: With the ability to give more in 2024 than 2023, your clients can further escape income tax via QCDs and satisfy a greater portion of their [Required Minimum Distributions](#) (RMDs). Field-of-interest and designated funds at the Community Foundation are very effective recipients of QCDs.