# **2024 PAYROLL UPDATE**

**FEDERAL CHANGES:**

**IRS W-4 Form for 2024**

* **2024 W-4 form (English):**  <https://www.irs.gov/pub/irs-pdf/fw4.pdf>
* The IRS’ [Understanding the 2020 Form W-4 and How to Use it to Calculate Withholding](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMjEsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAxOTExMjIuMTMyNzE3NjEiLCJ1cmwiOiJodHRwczovL3d3dy5pcnN2aWRlb3MuZ292L0luZGl2aWR1YWwvZWR1Y2F0aW9uL1VuZGVyc3RhbmRpbmdUaGUyMDIwRm9ybVc0QW5kSG93VG9Vc2VJdFRvQ2FsY3VsYXRlV2l0aGhvbGRpbmcifQ.ORV1kzJ3nQ4tg4hsV6JYRTw75wFPb2vQq5l5ZzS8brs/br/71761657955-l) webinar is now posted to the IRS video portal. This hour-long webinar covers:
	+ Reasons for a new design of the W-4
	+ Explanation of Steps 1-5 of the Form W-4
	+ Explanation of who must use it
	+ Illustration of how to complete two of the five worksheets from
	Publication 15-T
	+ Recorded Q&A session from the live event

**IRS Releases Publication 509 for 2024:** <https://www.irs.gov/pub/irs-pdf/p509.pdf>

**2024 Federal holidays are as follows:**

* January 1, 2024- New Year’s Day
* January 15- Birthday of Martin Luther King Jr
* February 19- Birthday of George Washington (President’s Day):
* May 27- Memorial Day
* June 19- Juneteenth National Independence Day
* July 4- Independence Day
* September 2- Labor Day
* October 14- Columbus Day
* November 11- Veterans Day
* November 28- Thanksgiving Day
* December 25- Christmas Day

*\* Remember that a statewide legal holiday does not delay a due date for making a federal tax deposit.*

**IRS Releases 2023 Form 940:** <https://www.irs.gov/pub/irs-pdf/f940.pdf>

* Publication 15, The Circular E. It is now available on the IRS website: <https://www.irs.gov/pub/irs-pdf/p15.pdf>

# **IRS Releases 2024 Standard Mileage Rates**

The IRS released Notice 2024-008 <https://www.irs.gov/pub/irs-drop/n-24-08.pdf> providing the 2024 standard mileage rates. Beginning January 1, 2024, the standard mileage rates for the use of a car (vans, pickups or panel trucks) will be:

* 67.0 cents per mile for business miles driven, up from 65.5 cents for 2023
* 21 cents per mile driven for medical or moving purposes, decreased from 22 cents per mile in 2023
* 14 cents per mile driven in service of charitable organizations, unchanged from 2023

# **IRS Releases 2024 Pension Plan Limits:**

# **Highlights of Changes for 2024**

The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government’s Thrift Savings Plan is $23,000, up from $22,500 for 2023. The additional catch-up contribution limit for individuals aged 50 and over remains $7,500, unchanged from 2023.

The limit on annual contributions to an IRA increased to $7,000, up from $6,500 in 2023. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains $1,000.

The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs and to claim the saver’s credit all increased for 2024.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or their spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income. (If neither the taxpayer nor their spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.) Here are the phase-out ranges for 2024:

* For single taxpayers covered by a workplace retirement plan, the phase-out range is $77,000 to $87,000, up from $73,000 to $83,000.
* For married couples filing jointly, where the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is $123,000 to $143,000, up from $116,000 to $136,000.
* For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple’s income is between $230,000 and $240,000, up from $218,000 and $228,000.
* For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains $0 to $10,000.

The income phase-out range for taxpayers making contributions to a Roth IRA is $146,000 to $161,000 for singles and heads of household, up from $138,000 to $153,000. For married couples filing jointly, the income phase-out range is $230,000 to $240,000, up from $218,000 to $228,000. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains $0 to $10,000.

The income limit for the Saver’s Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is $76,500 for married couples filing jointly, up from $73,000; $57,375 for heads of household, up from $54,750; and $38,250 for singles and married individuals filing separately, up from $36,500.

The amounts individuals can contribute to their SIMPLE retirement accounts is increased to $16,000, up from $15,500 in 2023.

Additional changes made under the SECURE 2.0 Act are as follows:

* The limitation on premiums paid with respect to a qualifying longevity annuity contract to $200,000. For 2024, this limitation remains $200,000.
* Added an adjustment to the deductible limit on charitable distributions. For 2024, this limitation is increased to $105,000, up from $100,000.
* Added a deductible limit for a one-time election to treat a distribution from an individual retirement account made directly by the trustee to a split-interest entity. For 2024, this limitation is increased to $53,000, up from $50,000.

| **Social Security (OASDI) Program Rates & Limits** | **2024** |
| --- | --- |
| Tax Rates |
| Social Security (Old-Age, Survivors, and Disability Insurance) |   |
| Employers and Employees | 6.20% |
| Medicare (Hospital Insurance) |  |
| Employers and Employees | 1.45% |
| Additional Medicare | 0.9% |
| *(Applies to earned income of more than $200,000. Employers withhold this tax on wages in excess of $200,000 regardless of an employee’s filing status.)* |  |
| Maximum Taxable Earnings |
| Social Security | $168,600 |
| Medicare (Hospital Insurance) | No limit |
| Earnings Required for Work Credits |
| One Work Credit (One Quarter of Coverage) | $1,730 |
| Maximum of Four Credits a Year | $6,920 |
| Earnings Test Annual Exempt Amount |
| Under Full Retirement Age for Entire Year | $22,320 |
| For Months Before Reaching Full Retirement Age in Given Year | $59,520 |
| Beginning with Month Reaching Full Retirement Age | No limit |
| Maximum Monthly Social Security Benefit for Workers Retiring at Full Retirement Age  | $3,822 |
| Full Retirement Age | 66 years, 8 months |
|  |  |

# **Social Security Wage Base Increases to $168,600 for 2024**

On October 12, the Social Security Administration (SSA) announced that the 2024 social security wage base will be $168,600, an increase of $8,400 from $160,200 in 2023 [[SSA, Press Release, 10-12-](https://www.ssa.gov/news/press/releases/2023/#10-2023-2)23].

The FICA tax rate remains 7.65% for 2024 up to the social security wage base (see the [Social Security Fact Sheet: 2024 Social Security Changes](https://www.payroll.org/docs/default-source/irs-and-ssa-announcements/23k12-2024-Social-Security-Fact-Sheet.pdf)). The maximum social security tax employees and employers will each pay in 2024 is $10,453.20, an increase of $520.80 from $9,932.40 in 2023.

**2024 Income Tax Withholding Tables:** <https://www.irs.gov/pub/irs-pdf/p15t.pdf>

**Minimum Wage:**

* **Federal Minimum Wage remains at $7.25 per hour**
* **Federal Minimum Salary remains at $684 per week, or $35,568 annually**
* **Federal Minimum Salary for employees exempt under the “highly compensated” employee exemption increased to $155,000, up from $150,000 in 2023.**

**STATE CHANGES:**

**2024 California Employer’s Guide (DE 44):** [**https://edd.ca.gov/pdf\_pub\_ctr/de44.pdf**](https://edd.ca.gov/pdf_pub_ctr/de44.pdf)

**Schedule for California Minimum Wage rate 2024.**

|  |  |  |
| --- | --- | --- |
| Date | **Minimum Wage for Employers with 25 Employees or Less** | **Minimum Wage for Employers with 26 Employees or More** |
| January 1, 2024 | $16.00/hour | $16.00/hour  |
|  |  |  |

**California Minimum Salary:** **The exempt salary threshold increases for January 1, 2024 are as follows:**
All employers, regardless of size: $1,280 weekly, $5,546.67 monthly, or $66,560 yearly

**2024 Minimum Wage by State:**

|  |  |
| --- | --- |
| Alabama  | $7.25  |
| Alaska  | $11.73 |
| Arizona  | $14.35  |
| Arkansas  | $11.00  |
| California   | $16.00 |
| Colorado  | $14.42  |
| Connecticut  | $15.69 |
| Delaware  | $13.25  |
| Washington D.C.  | $17.00  |
| Florida  | $13.00 (effective 9/30/2024) |
| Georgia  | $7.25  |
| Hawaii  | $14.00  |
| Idaho  | $7.25  |
| Illinois  | $14.00  |
| Indiana  | $7.25  |
| Iowa  | $7.25  |
| Kansas  | $7.25  |
| Kentucky  | $7.25  |
| Louisiana  | $7.25 (Federal, no state minimum) |
| Maine  | $14.15  |
| Maryland  | $15.00 |
| Massachusetts  | $15.00  |
| Michigan  | $10.33 |
| Minnesota  | $10.85\*\*\* |
| Mississippi  | $7.25 (Federal, no state minimum)  |
| Missouri  | $12.30 |
| Montana  | $10.30 |
| Nebraska  | $12.00 |
| Nevada  | $12.00 (effective 7/1/2024) |
| New Hampshire  | $7.25 |
| New Jersey  | $15.13\*\*\*\*\* |
| New Mexico  | $12.00  |
| New York  | $15.00 |
| North Carolina  | $7.25  |
| North Dakota  | $7.25  |
| Ohio  | $10.45  |
| Oklahoma  | $7.25  |
| Oregon  | $14.20\*\*\*\*\*\*\*  |
| Pennsylvania  | $7.25  |
| Rhode Island  | $14.00  |
| South Carolina  | $7.25  |
| South Dakota  | $11.20  |
| Tennessee  | $7.25  |
| Texas  | $7.25  |
| Utah  | $7.25  |
| Vermont  | $13.67  |
| Virginia  | $12.00  |
| Washington  | $16.28  |
| West Virginia  | $8.75  |
| Wisconsin  | $7.25  |
| Wyoming  | $7.25 |