

GUEST ARTICLE

Tax law changes: What happens in 2024 and beyond?

By Scott Metzger

All financial situations are different, but there are certain tax laws that everyone must recognize and review. They could affect your filing this year, or any year for that matter.

This year marks the end of seven decades since Congress declared April 15 as the official day for filing federal income taxes. Tax laws, however, continue to change annually.

Here's what's in store for 2024 and beyond.

The SECURE 2.0 Act, signed into law at the end of 2022, included new provisions that took effect on Jan. 1, 2024. Additional provisions will be rolled out in 2025. There are two key changes that may affect your filing:

529 Plans

A 529 plan is a tax-advantaged savings plan, also known as a qualified tuition plan, that is sponsored by states, state agencies or educational institutions and designed to encourage saving for future education costs. New tax law changes include:

- Beneficiaries of 529s may be eligible to have a direct rollover from any 529 in their name to a Roth IRA.
- Plan must be in place for at least 15 years and only earnings and contributions that were made more than five years before the distribution are eligible to be included in the rollover contribution.
- The amount rolled over cannot exceed the lifetime maximum of \$35,000.

Designated Roth account Required Minimum Distributions (RMDs)

A Roth IRA is an Individual Retirement Account that allows individuals to contribute after-tax dollars that can grow tax-free. Investors no longer have to take RMDs from a Qualified Retirement Plan (QRP) designated Roth account. There are four options for QRP distributions:

- Roll assets into an IRA.
- Leave assets in a former employer's QRP, if allowed.
- Move assets to a new employer's QRP, if allowed.
- Withdraw money and pay the associated taxes.

Consider features such as investment choices, fees, expenses and services offered. Before you decide, speak with your current retirement plan administrator and tax professional.

Looking forward, there are potential changes in the works for estate tax and gift exemptions that could take place in 2026. Current estate tax and gift tax exemptions may expire Dec. 31, 2025. If Congress doesn't act, they will revert to pre-2017 levels. This is another change to discuss with your estate planning and financial advisors to determine whether you want to make changes to your gifting strategies, if appropriate.

As stated earlier, these changes may affect your filing this year, next year or down the road, or perhaps not at all. It depends on your individual financial situation. The uncertainty surrounding tax laws in today's political environment is a good reminder to make a list of topics to discuss before you meet with your trusted advisors.

About the Author

Scott Metzger is Managing Director – Wealth Advisor for Wolf, Metzger & Maurillo of Clarity Wealth, a financial services practice that has built a heritage of managing the assets of affluent families for as many as four generations of wealth. The practice has offices in Naples and Fort Myers, Florida, and Pittsburgh, Pennsylvania.

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