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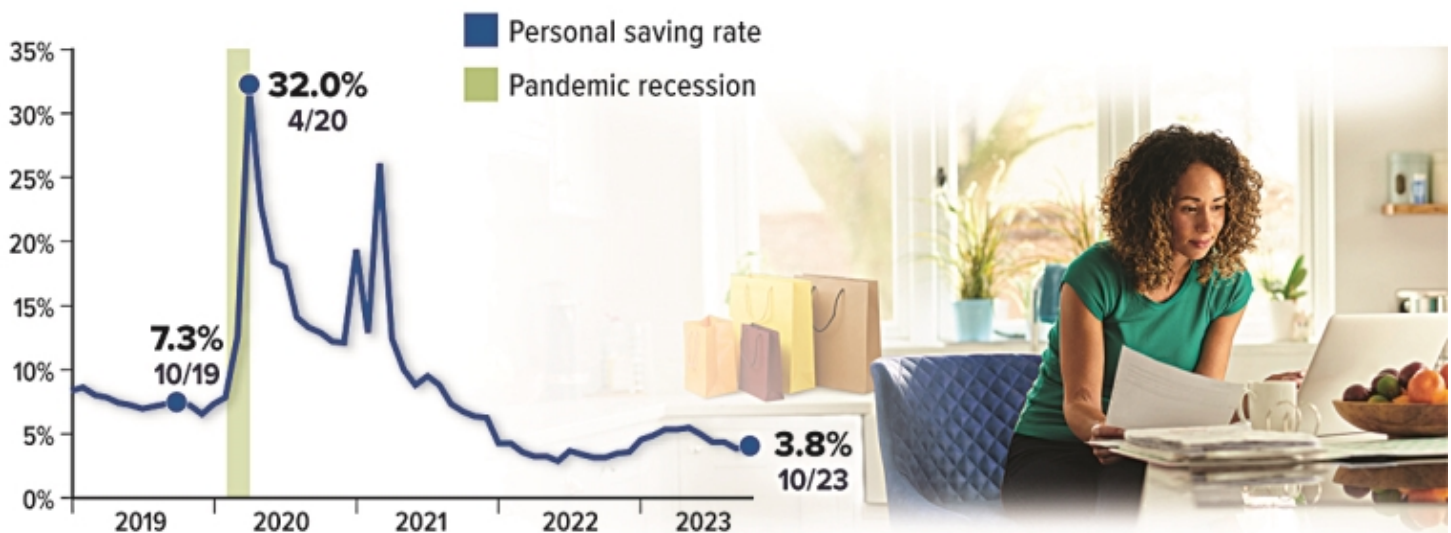
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Saving Less? You're Not Alone

The U.S. personal saving rate — the percentage of personal income that remains after taxes and spending — was 3.8% in October 2023. The saving rate spiked to an all-time high during the pandemic, when consumers received government stimulus money with little opportunity to spend, but fell quickly as stimulus payments ended and high inflation ate into disposable income. The current level is well below pre-pandemic saving rates.

A low personal saving rate means there is less money available on a monthly basis for saving and investment. However, many households still have pandemic-era savings, and the low rate indicates consumers are willing to spend, which is good for the economy. The question is how long this spending can be sustained.



Sources: U.S. Bureau of Economic Analysis, 2023; Bloomberg, October 10, 2023

Key Retirement and Tax Numbers for 2024

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are a few of the key adjustments for 2024.

Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2024 is \$18,000, up from \$17,000 in 2023.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2024 is \$13,610,000, up from \$12,920,000 in 2023.

Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2024, the standard deduction is:

- \$14,600 (up from \$13,850 in 2023) for single filers or married individuals filing separate returns
- \$29,200 (up from \$27,700 in 2023) for married joint filers
- \$21,900 (up from \$20,800 in 2023) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2024 is:

- \$1,950 (up from \$1,850 in 2023) for single filers and heads of households
- \$1,550 (up from \$1,500 in 2023) for all other filing statuses

Special rules apply for an individual who can be claimed as a dependent by another taxpayer.

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is \$7,000 in 2024 (up from \$6,500 in 2023), with individuals age 50 or older able to contribute an additional \$1,000. The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges (see *table*). For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges (see *table*). The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges: Contributions to a Roth IRA

	2023	2024
Single/Head of household	\$138,000–\$153,000	\$146,000–\$161,000
Married filing jointly	\$218,000–\$228,000	\$230,000–\$240,000
Married filing separately	\$0–\$10,000	\$0–\$10,000

MAGI Ranges: Deductible Contributions to a Traditional IRA

	2023	2024
Single/Head of household	\$73,000–\$83,000	\$77,000–\$87,000
Married filing jointly	\$116,000–\$136,000	\$123,000–\$143,000

Note: The 2024 phaseout range is \$230,000–\$240,000 (up from \$218,000–\$228,000 in 2023) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is \$0–\$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

Employer-sponsored retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to \$23,000 in compensation in 2024 (up from \$22,500 in 2023); employees age 50 or older can defer up to an additional \$7,500 in 2024 (the same as in 2023).
- Employees participating in a SIMPLE retirement plan can defer up to \$16,000 in 2024 (up from \$15,500 in 2023), and employees age 50 or older can defer up to an additional \$3,500 in 2024 (the same as in 2023).

Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above \$2,600 in 2024 (up from \$2,500 in 2023) is taxed using the parents' tax rates.

How Savers and Spenders Can Meet in the Middle

Couples who have opposite philosophies regarding saving and spending often have trouble finding common ground, and money arguments frequently erupt. But you can learn to work with — and even appreciate — your financial differences.

Money habits run deep

If you're a saver, you prioritize having money in the bank and investing in your future. You probably hate credit card debt and spend money cautiously. Your spender spouse may seem impulsive, prompting you to think, "Don't you care about our future?" But you may come across as controlling or miserly to your spouse who thinks, "Just for once, can't you loosen up? We need some things!"

Such different outlooks can lead to mistrust and resentment. But are your characterizations fair? Money habits run deep, and have a lot to do with how you were raised and your personal experience. Instead of assigning blame, focus on finding out how each partner's financial outlook evolved.

Saving and spending actually go hand in hand. Whether you're saving for a vacation, a car, college, or retirement, your money will eventually be spent on something. You just need to decide together how and when to spend it.

Talk through your differences

Sometimes couples avoid talking about money because they are afraid to argue. But scheduling regular money meetings could give you more insight into your finances and provide a forum for handling disagreements, helping you avoid future conflicts.

You might not have an equal understanding of your finances, so start with the basics. How much money is coming in and how much is going out? Next, work on discovering what's important to each of you.

To help ensure a productive discussion, establish some ground rules. For example, you might set a time limit, insist that both of you come prepared, and take a break if the discussion becomes too heated. Communication and compromise are key. Don't just assume you know what your spouse is thinking — ask, and keep an open mind.

Here are some questions to get started.

- What does money represent to you? Security? Freedom? The opportunity to help others?
- What are your short-term and long-term savings goals? Why are these important to you?
- How comfortable are you with debt? This could include mortgage debt, credit card debt, and loans.

- Who should you spend money on? Do you agree on how much to give to your children or spend on gifts to family members, friends, or charities?
- What rules would you like to apply to purchases? For example, you might set a limit on how much one spouse can spend without consulting the other.
- Would you like to set aside some discretionary money for each of you? That could help you feel more free to save or spend those dollars without having to justify your decision.

What's Your Money Style?



Source: Consumer Financial Protection Bureau

Agree on a plan

Once you've explored what's important to you, create a concrete budget or spending plan that will help keep you on the same page. For example, to account for both perspectives, you could make savings an "expense" and also include a "just for fun" category. If a formal budget doesn't work for you, find other ways to blend your styles, such as automating your savings or bill paying, prioritizing an emergency account, or agreeing to put specific percentages of your income toward wants, needs, and savings.

And track your progress. Scheduling money dates to go over your finances will give you a chance to celebrate your successes or identify what needs to improve. Be willing to make adjustments if necessary. It's hard to break out of patterns, but with consistent effort and good communication, you'll have a strong chance of finding the middle ground.

The Federal Reserve's Key Meeting Dates in 2024

The Federal Reserve's rapid series of interest rate hikes throughout 2022 and 2023 — initiated in an effort to bring down red-hot inflation — rippled throughout financial markets and the broader economy.

People pay attention to the "Fed" to see where interest rates are headed, but also for its economic analysis and forecasting. Members of the Federal Reserve regularly conduct economic research, give speeches, and testify about inflation and unemployment, which can provide clues about where the economy is going. This information can be useful for consumers when making borrowing and investing decisions.

Eight meeting dates in 2024

The Federal Open Market Committee, or FOMC, is the arm of the Federal Reserve responsible for setting monetary policy. It typically meets eight times per year.

Month	Dates	Month	Dates
January	30–31	July	30–31
March	19–20*	September	17–18*
April/May	30–1	November	6–7
June	11–12*	December	17–18*

*Meeting includes a Summary of Economic Projections

Because financial markets often react to FOMC meeting decisions, knowing the scheduled meeting dates ahead of time might be helpful when digesting economic news. The minutes of regularly scheduled FOMC meetings are released three weeks after the meeting date on [federalreserve.gov](https://www.federalreserve.gov).

The Fed's key objectives

The Federal Reserve System was created by the Federal Reserve Act of 1913. The Fed is charged with three main objectives: maximum employment, stable prices, and moderate long-term interest rates. The first two objectives are often referred to as the Fed's "dual mandate." Over the years, the Federal Reserve's duties have expanded and evolved to include maintaining stability of the entire U.S. financial system.

After its brisk series of rate increases in 2022 and 2023, the Fed has held the federal funds rate mostly steady. Going forward, it will continue to monitor economic data — including inflation, employment growth, bank sector stress, and credit conditions — as it determines future moves.

The federal funds rate is a benchmark rate that influences other interest rates throughout the economy, such as for mortgages, credit cards, and business loans. A higher federal funds rate typically drives up the cost of borrowing.

Source: Federal Reserve, 2023

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