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You May Pay More Into Social Security In 2024

Courtesy of Melissa Siesto

The Social Security tax, withheld from each paycheck, stops once your income reaches a certain amount.

That is due to the "Social Security wage base," which is the maximum amount of earnings subject to Social Security tax. These taxes fund the Social Security program, which provides retirement, disability, and survivor benefits to eligible recipients.

In 2024, the Social Security wage base limit is set to rise to $168,600, up from $160,200 in 2023. That can result in a considerable tax hike for those who earn more than the wage base.

The Social Security wage base increases each year the national average wage index increases, which is almost every year, subjecting more income to the tax.

The tax rate for an employee's portion of the Social Security tax is 6.2%. Your employer also pays 6.2% on any taxable wages.

Over the past five years or so, the Social Security wage base has increased by an average of about $3,960 a year. However, in 2024, the wage base will rise by $8,400 to $168,600.

As a result, the maximum Social Security tax jumps from $9,932 to $10,453. So, people making over $168,600 in 2024 will be paying about $521 more in Social Security.

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Expressive faces win funding. Entrepreneurs seeking financing from crowdfunding sites were more likely to reach their goal, get more investors and get more total financing if they allowed their faces to show not just happiness but also anger and fear at appropriate points. This is contrary to the common belief that you must be only positive and optimistic about your ventures when seeking funding. People who had only upbeat expressions or whose faces showed very little emotion were less likely to meet their funding goals. Sadness also had a negative effect on funding.
Source: Journal of Business Venturing

Decide whether to save or invest based on your personal working and living conditions. Have three to eight months of cash in an emergency fund—or more if your job might be in jeopardy. Consider saving rather than investing if you expect to need the money in the next three to five years—investing should be only for longer time periods. Consider your risk tolerance if you do decide to invest.
Source: Today.com

"We make a living by what we get, we make a life by what we give."
– Sir Winston Churchill

Will 6% Real Estate Commissions Become Extinct?

By Jill Schlesinger, Jill on Money

A person once said to me, "I'm going into real estate, because the 6 percent commission is sacred!"

I thought about his comment recently, after a federal jury in the U.S. District Court for the Western District of Missouri found that the National Association of Realtors (NAR) and some big real estate brokerage companies conspired to artificially inflate commissions on home sales.

The $1.8 billion price tag in damages (which the defendants will appeal) may be a small part of what could become a larger dismemberment of the sacred 6% commission that has been in place for decades.

Currently, although there are two sides to every housing transaction -- a buyer and a seller -- only the seller has to pay the brokers involved. They do so by agreeing to cough up 5-6% of the purchase price to pay the buyer's broker in addition to their own listing agent.

That may not seem like a lot, but if you consider that the median existing home sells for nearly $400,000, this means that $24,000 comes off the top, and is then split between the two agents, regardless of the time spent on the market.

This would seem to be a business that is begging for change, but agreeing to a different compensation structure has meant that the home in question would not show up on the ever-present multiple listing services (MLS), where properties can attract attention from would-be buyers and their agents.

The Missouri decision and similar other lawsuits winding their way through the courts could mean big changes are coming to the industry.

The most obvious is that commissions could be unbundled and those who opt out of paying the buyer's agent would still have access to MLS. But that also means that buyers who want representation may have to pay their own way.

It is doubtful that doing so would mean paying 3% of the purchase price out of pocket. More likely is that there would be an opportunity to pay a flat or hourly fee, or if mortgage companies and their regulators agree to it, buyers might be able to add in the cost of an agent into the overall financing of the home.

And some buyers would opt to go it alone, without the assistance of an agent, a practice that is common in other parts of the world. Doing so would likely mean that buyers would lean on real estate attorneys more in the negotiation process.

The Missouri decision may also allow a startup to succeed in the real estate space.

The industry is littered with stories of those who attempted to offer different and more affordable pricing options, but could not find a way to succeed, given the ingrained commission structure and the grip over which the industry kept non-conformers off of MLS.

Now there are likely to be more choices for consumers, which should be beneficial over time. In other words, the 6% commission will no longer be sacred and could become extinct.

How Health Savings Accounts Work

By Joy Taylor, Kiplinger's Money Power

Q My employer offers a health savings account option. How does it work?

A: Health Savings Accounts are tax-advantaged arrangements used to manage deductibles and out-of-pocket costs and let you save for future health care expenses.

Some basics:

Eligibility for HSAs is restricted. You must have a high-deductible health plan (HDHP) to qualify. The minimum allowable deductible for 2023 is $3,000 for family coverage and $1,500 for self-only coverage. And out-of-pocket costs, including copayments, can't exceed $15,000 a year for family coverage and $7,500 for individual coverage.

For 2024, these amounts are $3,200, $1,600, $16,100 and $8,050, respectively.

Expenses for preventive care can be covered dollar-for-dollar by HDHPs, even if the deductible hasn't been met. Alternatively, preventive medical costs can be covered by a lower deductible, depending on the terms of the policy. Some services and drugs for a range of chronic illnesses can be covered by HDHPs.

Also, beginning back in 2020, IRS allowed the costs of testing for and treating COVID-19 to be covered dollar-for-dollar by HDHPs, even if the deductible hasn't been met, or a lower deductible may apply. This COVID easing applies through the end of 2024.

People eligible for Medicare can't contribute to HSAs. If you have a balance in an existing HSA, once you turn 65, you can use that money on a tax-free basis to pay monthly Medicare Part B and D premiums. And you can take tax-free payouts from your HSA for your out-of-pocket medical costs, even if you are on Medicare.

HSAs have several major federal tax advantages that owners can enjoy. Contributions are deductible or are from pretax wages. But there's a limit. For 2024, the annual cap on deductible or pretax HSA contributions is $4,150 for self-only coverage and $8,300 for family coverage. People who are 55 or older can put in an additional $1,000.

Earnings inside an HSA build up tax-free for the account owner.

HSAs don't have a use-it-or-lose-it rule, unlike flexible spending accounts.

And any withdrawals that are used to pay medical expenses aren't taxed.

You needn't take out the HSA funds in the same year you incur the medical cost. If you keep receipts, your HSA can reimburse you in a later year. Tax-free HSA funds can also be used to buy over-the-counter medicine and menstrual care products.

"If you follow my rules, you will never lose money. Rule #1: Never lose money."

Don't spend too much on your next cell phone. Because of trickle-down technology from flagship phones of a few years ago, today's basic low - or mid-range cell phones are among the market's most attractive and affordable phones. Previously, such phones were stripped-down versions of flagship models, but they now have great displays, biometric security such as fingerprint sensor, good cameras, and reliable and timely updates.
Source: ReviewGeek.com

Rejected for a credit card application? Take these steps. Find out why—the issuer must mail you an "adverse action report" detailing the reason for the rejection. Review your credit history—get a free copy of the credit report that the issuer used and check for errors. Try the lender's "reconsideration line"—where you call to have your application reviewed. Repair your credit—pay down debt and avoid maxing out cards. Find a card that's a better fit—look for credit cards that are more likely to lend to someone with your credit score.
Source: LifeHacker.com

"A wise man should have money in his head, but not in his heart."
- Jonathan Swift

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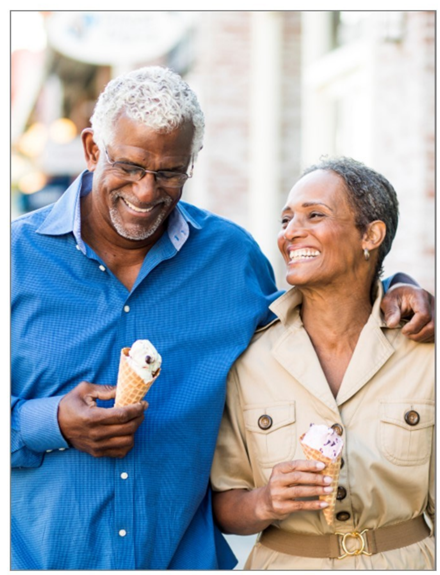
More Americans Retiring Abroad

By Sandra Block, Kiplinger's Money Power



Many older Americans dream about traveling in retirement, but a growing number of intrepid retirees are taking their wanderlust to another level. Instead of visiting a country outside the United States, they're moving there.

While expats have long been drawn to Central America for its low cost of living and mild climate, Europe has become increasingly popular with retirees in search of culture and high-quality health care. Many countries are eager to attract U.S. expats but retiring to Costa Rica or Portugal is more complicated than buying a condo in Florida.

Here's what you need to know.

Countries in Central America have long promoted relaxed residency requirements for expats. For example, Panama's pensionado program offers residency to expats with a valid passport and income of at least $1,000 a month from Social Security or a pension.

But in recent years, European countries have relaxed their own residency requirements to help attract foreign dollars and shore up declining populations, says Ted Baumann, with International Living, a magazine that covers overseas retirement and investment.

"They need wealthier retirees who are in the spending stage of their lives and who aren't going to compete for jobs," he says.

Portugal, which has become a haven for expats from around the world, provides a one-year residency visa to retirees from outside the European Union who have retirement income of at least EUR760 a month (about $828) and proof of a place to live. The visa can be renewed twice for up to two years, and after five years expats are eligible for permanent residency.

Italy, Greece, France and Spain have their own versions of retirement visas as well, Baumann notes. In most cases, the income requirements are modest, he says. If you receive Social Security payments, you probably qualify.