

2025 One Big Beautiful Bill:

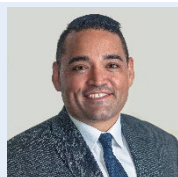
Key provisions and planning thoughts.

Income Tax Planning:

- Lower income tax brackets from the 2017 Tax Cuts and Jobs Act are now permanent.
- The standard deduction increases in 2025 to:
 - **\$31,500** for married couples filing jointly (MFJ).
 - **\$15,750** for single filers.
 - **\$23,625** for head of household.
- The SALT deduction cap increases to \$40,000 for MFJ (\$20,000 for separate), with gradual phaseouts for high earners. SALT deduction phases out for taxpayers making over \$500,000, limiting the benefit to \$10,000. This cap raise reverts back to \$10,000 in 2030.
- From 2025 through 2028, qualifying workers earning less than \$150,000 (single) or \$300,000 (married filing jointly) can exclude up to \$25,000 in tip income and up to \$12,500 in overtime pay (\$25,000 for joint filers) from federal income tax.
- The estate tax exemption rises to \$15 million per person starting in 2026, adjusted for inflation.
- Keeps the current mortgage interest deduction limit on loan principal of 750,000.
- People 65 and older with MAGI of \$75,000 and \$150,000 for single and married filers, respectively, will receive an additional deduction of \$6,000 per person from 2025-2028.
- Permanently extends the TCJA's AMT exemption amounts and phaseout thresholds to 2018 levels.
- Deduction on car loan interest payments up to 10,000 for new vehicles with final assembly in America effective 2025 - 2028.
- Starting in 2026, itemized deductions can only reduce taxes at a maximum rate of 35%, even if you're in the top bracket. In other words, for every \$10,000 of deductions, the tax benefit is capped at \$3,500—not \$3,700.

Charitable Giving:

- Universal charitable above the line deduction for non-itemizers up to \$1,000 for single and \$2,000 for married filers effective 2026.
- Beginning in 2026, itemized charitable deductions will only apply to contributions that exceed 0.5% of your AGI. This new floor means the first 0.5% of AGI donated each year is not deductible, encouraging larger charitable gifts.
- Taxpayers may receive a federal benefit for up to \$1,700 in donations to qualified 501(c)(3) scholarship-granting organizations that fund scholarships for children to attend public, private, or religious schools in the organization's home state.



Family Benefits:

- The Child Tax Credit increases temporarily by \$200 per child, total \$2,200 per child effective 2025.
- Introduces American Opportunity Savings Accounts for children allowing up to \$5,000 in annual contributions per child with tax free growth to be used for education, housing or business start up costs. Children born from 2025 through 2028 will receive a one-time \$1,000 contribution to these accounts.
- Starting in 2026, the annual K–12 withdrawal limit doubles from \$10,000 to \$20,000 per beneficiary. Beginning July 5, 2025, qualified expenses expand to include books, online learning tools, tutoring (with restrictions), standardized test fees, dual-enrollment courses, educational therapies, and certain homeschooling costs.

Business Owner Benefits:

- Section 199A Business Income Deduction – increases qualified business income deduction to 23% for pass-through entities starting in 2026.
- Bonus Depreciation – Section 168. Permanently extends 100 percent bonus depreciation for qualified property acquired and placed in service after Jan. 19, 2025; an additional first year depreciation deduction is available for manufacturing, production and refining property.
- Section 179 Expensing – Starting in 2025, Section 179 limits increase to \$2.5 million with a phase-out threshold beginning at \$4 million, both indexed for inflation.
- Qualified Opportunity Zones (QOZ) – Effective Jan. 1, 2027, the program becomes permanent, allowing continued capital gain deferral with rolling five-year periods, a 10% basis step-up after five years (30% for rural zones), and new zone designations every 10 years.

What is going away:

- Tax credits for electric cars effective September 30, 2025.
- Tax credits for energy efficient home upgrades effective December 31, 2025.
- Ends extension of tax credit for health insurance purchased on Healthcare.gov. Income cut off for this tax credit reverts to 400% of federal poverty limit without congressional intervention.

Miscellaneous:

- Expanded access to HSAs for people buying insurance through healthcare.gov.
- Ends existing Income-Contingent Repayment (ICR) Plans for new borrowers beginning July 1, 2026, and replaces them with a single Repayment Assistance Plan (RAP).
- Adjusts annual and lifetime loan limits for graduate and professional student borrowers and parent borrowers beginning July 1, 2026.

Please note that the planning considerations and information provided is not intended to be legal or tax advice and you should not rely on it as legal or tax advice. Each person's tax situation is unique, and the planning considerations and legislation discussed will impact each person differently. Therefore, you should discuss with your tax advisor how these planning considerations and new legislation might impact your situation and which planning strategies might be right for you.

**We're here to help you explore these opportunities and understand how they fit into your overall financial goals.
Please reach out to us anytime—we're ready to guide you through the options and their potential impact on your plan.**

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