

The “One Big Beautiful Bill” Act

HOW IT COULD AFFECT YOU

It's likely you've heard about the “One Big Beautiful Bill Act,”¹ and you might be curious about what it could mean for your financial plan. Some originally proposed elements were omitted from the final version, making it important that you're aware of what's now law. This bill was signed by President Trump on July 4, 2025, and some provisions may even affect you this year.



To help make things easier for you, we have chosen some of the key provisions of the nearly 900-page bill:

Estate and gift taxes	The exemption for estate, gift, and generation-skipping transfer tax rises permanently to \$15 million in 2026 for individuals—totaling \$30 million for married couples—and then adjusts annually for inflation.
Income taxes	The temporary income tax rates that went into effect with the passing of the Tax Cuts and Jobs Act of 2017 (TCJA) will now become permanent, keeping the top individual income tax rate at 37%. ² The brackets for each rate and filing status are unchanged and continue to be adjusted for inflation.
Standard deduction	The standard deduction increased to \$15,750 for individuals and \$31,500 for couples filing jointly for tax year 2025.
State and Local Tax (SALT) deduction	The limit on the state and local tax deduction rises to \$40,000 in 2025 and annually increases for a five-year period. The deduction phases out for taxpayers who make more than \$500,000 per year (adjusted annually). After the five-year period, the deduction limit returns to the \$10,000 limit imposed in the TCJA.
Loan interest for U.S.-made cars	Up to \$10,000 a year in loan interest for U.S.-made cars becomes tax deductible through 2028, phasing out for individuals with more than \$100,000 and couples with more than \$200,000 in income.
Tax credits for clean or efficient energy	Tax credits for energy-efficient home improvements and residential installation of solar or other clean energy upgrades are eliminated at the end of the year.

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20% qualified business income deduction	The TCJA deduction for owners of sole proprietors, partnerships, S corporations, and some trusts and estates that allowed them to deduct up to 20% of their qualified business income from their taxable income is permanently extended beginning in tax year 2026.
Senior Deduction	Taxpayers 65 and older get a \$6,000 increase to the standard deduction. This increase expires after 2028.
Tips and overtime pay	Tips up to \$25,000 and overtime pay of \$12,500 for individuals (\$25,000 for joint filers) are deductible from income for those earning up to \$150,000 (\$300,000 for joint filers). This provision expires after 2028.
Child tax credit & “Trump Accounts”	The maximum child tax credit increases by \$200 starting in tax year 2025 and is permanently indexed to inflation. Parents can open “Trump Accounts” as part of a pilot program for their babies seeded with \$1,000 from the government for children born from 2025 through 2028.
Manufacturers	The bill revives several favorable tax rules for businesses, including bonus depreciation for the cost of production upgrades and a research and development tax credit. The final legislation makes the credits permanent.
Private equity	The carried interest tax credit benefiting private equity, venture capital, and real estate partnerships is maintained.

Talk to your financial professional



Any new tax legislation is reason enough to connect with your financial professional to discuss the changes and understand which, if any, may impact you and your current plans. Together you can review your goals and strategy to uncover any new gaps or opportunities. Contact your financial professional today to get started.

¹ One Big Beautiful Bill Act, H.R. 1, 119th Cong. (2025). <https://www.govtrack.us/congress/bills/119/hr1>.

² The rates are 10%, 12%, 22%, 24%, 32%, 35%, and 37%.

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