THE ONE BIG BEAUTIFUL BILL ACT

What it could mean for your financial future

Signed into law on July 4, 2025, The One Big Beautiful Bill Act (OBBBA) brings a range of updates that could impact your finances—from tax changes to deductions, and more. The Act makes some previous tax provisions permanent, updates others, and introduces a few new ones. Many of these changes are designed to give individuals and families more clarity and potential savings. Below are just a few of the most meaningful updates.

WHAT HAS BEEN EXTENDED

Several items set to expire were made permanent. These include:

- Current tax rates
- Standard deduction (with a modest increase)
- The $750,000 mortgage interest deduction limit
- The AMT Patch (meant to remove millions of taxpayers from the AMT)
- The 20% pass-through 199A deduction

WHAT HAS BEEN MODIFIED

- State and Local Tax Deduction (SALT) increased to $40,000 through 2029 with Phaseouts beginning for single taxpayers (ST) and joint taxpayers (JT) when Modified Adjusted Income (MAGI) reaches $500,000
- Child Tax Credit—increased to $2,200/$1,700 refundable
- Estate and Gift Tax Exemption Equivalent—increased to $15 million in 2026

WHAT WAS ADDED

NO TAXES ON...

TIPS
Deductible up to $25,000 ST/$50,000 JT
Phaseouts start at MAGI $150,000 ST/$300,000 JT
expires after 2028

OVERTIME
Deductible up to $12,500 ST/$25,000 JT
Same Phaseouts as tips deduction
expires after 2028

SENIOR DEDUCTION
$6,000 per taxpayer Temporary Senior Deduction for taxpayers age 65 and up. Phaseouts for MAGI $75,000–$150,000 ST/$175,000–$250,000 JT

MORE IN YOUR POCKET

Deductible Car Loan Interest
Up to $10,000 for U.S.-manufactured new cars purchased from 2025 through 2028. Phaseout range is MAGI $100,000–$150,000 ST, $200,000–$250,000 JT.

Itemized Deduction Limit
Value of itemized deductions for higher income taxpayers limited to 35 cents per dollar of deduction.

Trump Savings Account
Modified IRA accounts for minors. Can receive $5,000 per year after tax contributions with no earned income requirement. Under a newborn pilot program for U.S. citizens born between Jan. 1, 2025, and Dec. 31, 2028, the federal government will contribute $1,000 per child into every eligible account. Withdrawals strictly limited until age 18. At age 18, converts to a traditional IRA.

LOOKING AHEAD: WHAT THIS MEANS FOR YOU

Tax law is complex and always evolving, and the latest changes are already influencing financial strategies for many individuals and families. Staying informed about what's new can help you better prepare for what's ahead and help you make more informed decisions.

To learn more about how you can help protect your life's work, reach out to your financial professional.

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