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What the One Big Beautiful Bill Means for Clients

On July 4, 2025, a new law called the *One Big Beautiful Bill Act* was signed into effect, making some of the most sweeping and permanent changes to the U.S. tax code in recent history. While the name may be playful, the implications are serious. These changes could impact everything from your estate plan and savings strategies to your business deductions and tax bracket in retirement.

Here are some of the key highlights, and how they may affect you:

1. Estate Tax Exemption Raised to $15 Million Per Person

Starting in 2026, individuals can pass on up to **$15 million** ($30 million for couples) without triggering federal estate taxes.

What this means for you:
This is a major opportunity for high-net-worth families to revisit their estate plans and explore gifting, trusts, and multigenerational strategies while this generous exemption is in place.

2. Higher SALT Deduction Cap (with a Catch)

The cap on state and local tax deductions rises to **$40,000**, but begins to phase out if your income is over $500,000.

What this means for you:
If you live in a high-tax state and earn above these levels, planning becomes more complex. Now is the time to review your filing strategy and deductions.

3. Income Tax Brackets Are Now Permanent

The current tax brackets (ranging from 10% to 37%) are here to stay.

What this means for you:
This creates more predictability in tax planning. If you're thinking about Roth conversions or managing retirement withdrawals, we can plan more confidently.

4. Big Tax Breaks for Business Owners

Bonus depreciation is back at 100%, and Section 179 deductions have expanded too. Additionally, the QBI deduction is now permanent, and the income phaseout range is modestly expanded.

What this means for you:
If you own a business, these changes offer powerful tools to reduce your taxable income through equipment purchases or cost segregation studies. For QBI, many business owners would qualify.

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5. Trump Accounts: A New Way to Save for Children

Families can now contribute up to **$5,000 annually** for each child under 18 into a new savings account with tax-deferred growth. Employers can also contribute, and the IRS is even funding some accounts for newborns.

What this means for you:
This is a valuable new option for education and long-term savings. If you have children or grandchildren, we should talk about how to incorporate this into your family's plan.

6. New Deductions for Seniors

A new **$6,000 deduction** is available for taxpayers age 65+, with income phaseouts starting at $150,000 for couples.

What this means for you:
This is a meaningful benefit for retirees—but it's income-sensitive, so some careful planning can help you take full advantage.

7. More Generous Child and Adoption Credits

The Child Tax Credit rises to **$2,200 per child**, and the Adoption Credit is now partially refundable.

8. Student Loan Support from Employers

Employers can now contribute up to **$5,250 per year** toward employees' student loans, tax-free, on a permanent basis.

What this means for you:
This is a great way for business owners to attract and retain young talent—or for employees to take advantage of expanded benefits.

9. 529 Plans Can Now Do More

Funds from 529 plans can now be used for more types of K–12 and homeschooling expenses, not just college.

What this means for you:
Families who are homeschooling, using private schools, or providing additional support for children with learning needs now have more flexibility with these accounts.

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10. Bigger Tax Breaks for Startup Stock (QSBS)

New rules increase the tax-free gain on qualifying startup stock:

- Exclude **50%–100%** of gains based on how long you hold the stock (3 to 5+ years)
- Cap raised from **$10M to $15M**, now inflation-adjusted
- Applies only to stock issued **after July 4, 2025**

What this means for you:
Founders, early employees, and investors can now unlock greater tax savings. It's a smart time to revisit your stock structure and timing.

11. Car Loan Interest Deduction (2025-2028)

For a limited time, you can deduct up to **$10,000 per year** in interest on **new car loans** (not leases).

What this means for you:
Available through 2028, this deduction phases out above **$200k income for couples** or **$100k for individuals**. A quick win for eligible buyers—timing matters.

The new law creates a wide range of planning opportunities, but also some new pitfalls to watch out for. If you'd like to explore how these changes affect your personal plan, let's talk.

We can help you make smart adjustments and take advantage of what’s now available to you.