What the *One Big Beautiful Bill* Means for You

KEY HIGHLIGHTS FOR FAMILIES NAVIGATING WEALTH PLANNING

The **One Big Beautiful Bill** (OBBB) introduces wide-ranging changes to the tax code. Identifying which updates apply to your situation and how to respond depends on your overall financial plan. We can help you evaluate opportunities and coordinate with your CPA and other professionals to ensure your strategy remains aligned with your long-term goals.

Estate & Legacy Planning

Estate Tax Exemption - Exemptions increase to $15M per person and $30M per couple in 2026. This could provide a window of opportunity to revisit gifting, trust structures, and multigenerational strategies.

Qualified Small Business Stock (QSBS) - The exclusion gap increases to $15M, inflation-adjusted. This applies only to stock issued after July 4, 2025. This has the potential to create long-term benefits for entrepreneurs and early investors considering wealth transfer or liquidation.

This expanded exemption presents a rare planning window, especially for families focused on legacy and control. Now is the time to define what "everything" means, whether that's financial security, family, harmony, privacy, or philanthropic intent. We work closely with your estate attorney and CPA to align strategies, protect your values, and prepare the next generation.

Charitable Giving Considerations

Itemized Giving - Starting in 2026, itemized deductions for charitable gifts max out at 35% of income (down from 37%). Charitable deductions will only apply to gifts exceeding 0.5% of AGI (Adjusted Gross Income) for individuals or 1% of taxable income for corporations. Itemizers who give cash to public charities can continue to use the 60% of AGI contribution limit, but are subject to a 0.5% of AGI floor and a 35% rate cap for deductions. Disallowed deductions can be carried forward for up to 5 years, but future gifts may restart that cycle, highlighting the need for thoughtful planning.

Universal Charitable Deduction – Beginning in 2026, taxpayers who choose not to itemize can still deduct up to $2,000 in charitable donations per year ($1,000 for single filers).

Qualified Charitable Distributions (QCDs) – The 2025 limit rises to $108K per individual (age 70.5+). Gifts go directly from IRAs to charity, excluding the amount from taxable income.

Donor Advised Funds (DAFs) – Allows for front-loading charitable giving in 2025 while retaining flexibility on where and when funds are distributed.

With deductions tightening in 2026, intentional timing is key. QCDs remain a powerful strategy for IRA owners, and DAFs can help front-load gifts without committing to specific charities right away. We help clarify the most efficient path for giving, aligned with both your heart and your tax strategy.

SOURCES: SCHWAB, VANGUARD, FIDELITY CHARITABLE, WEALTH.COM

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Income, Deductions, and Cash Flow Planning

Permanent Tax Brackets – Income tax brackets from 10%-37% are now permanent. This has the potential to provide more predictability for Roth conversions and retirement withdrawal strategies.

Standard Deduction Increase – Beginning in 2025, the standard deduction increases to $15,750 for individuals, $31,500 for joint filers, and $23,625 for heads of household. These figures are set to adjust annually for inflation.

Increased SALT (State and Local Tax) Deduction – Deduction cap increases from $10K to $40K, with a 1% increase each year through 2029. This begins to phase out beginning at $500K of modified AGI, returning to $10K for income over $600K. The higher cap is set to expire, reverting to $10K for all taxpayers in 2030.

New Senior Deduction – Taxpayers age 65+ can claim a new $6,000 deduction. Phaseout of this benefit begins at $150K (AGI) for couples.

Predictable brackets and enhanced deductions offer opportunities to optimize income strategies, particularly for retirees and business owners. Whether it's timing Roth conversions, structuring withdrawals, or reducing AGI through smart deductions, we help you understand how these changes fit into the bigger picture of your plan.

Limited-Time Car Loan Deduction (2025-2028)

For a limited time, individuals can deduct up to $10,000 per year in interest on new car loans (not leases). This deduction phases out for incomes above $200,000 for couples or $100,000 for individuals, making it most relevant for younger family members or those in transition years.

Family and Multigenerational Strategies

"Trump Accounts" for Children* – New tax-deferred savings vehicles allow $5,000/year per child under 18. Contributions may come from parents, employers, or even the IRS.

529 Plan Expansion – Funds can now be used for more K-12 and homeschooling expenses, as well as post-secondary credentialing (like certifications or licenses). Additionally, the annual cap on K–12 tuition and expenses increases to $20,000 beginning in 2026 (up from $10,000).

Child Tax Credit – Permanently increased to $2,200 per child beginning in 2025 and indexed for inflation.

For families focused on education and generational support, these changes offer new ways to build lasting value. Trump Accounts and expanded 529 flexibility can complement gifting and trust strategies, especially when coordinated across generations. The enhanced child tax credit and expanded uses of 529s add more levers for families looking to support children or grandchildren with intention.

Business Owner Opportunities

Bonus Depreciation Reinstated (100%) – Section 179 limits expanded, and QBI deduction is made permanent. This enhances options for reducing taxable business income through qualified purchases.

Qualified Business Income (QBI) Deduction - The 20% pass-through deduction (Section 199A) is now permanent, enhancing long-term planning opportunities for owners of pass-through entities.

While the OBBB includes a range of changes for business owners, we're focused here on the provisions that most directly impact personal financial planning, especially those that influence income, deductions, and long-term strategy. Bonus depreciation and QBI enhancements present planning opportunities, particularly when timed around major purchases or liquidity events. For deeper business-specific nuances, we coordinate closely with your CPA and legal team.

SOURCES: SCHWAB, VANGUARD, FIDELITY CHARITABLE, WEALTH.COM

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