



Legislative Update



One, Big, Beautiful Bill Act

The “One, Big, Beautiful Bill” Act (the “OBBBA”) was signed into law on July 4, 2025 by President Trump. The extensive legislation extends many of the 2017 tax cuts and also introduces new rules that may impact your income tax, estate tax, and retirement planning for many years.

Below are some of the provisions that you and your employees may find applicable:

Permanent Extension of TCJA Provisions

The OBBBA makes permanent the 2017 Tax Cuts and Jobs Act (TCJA) provisions.

- **Individual income tax rates** remain at 10%, 12%, 22%, 24%, 32%, 35%, and 37%
- **2025 standard deduction** is \$15,750 for single filers and \$31,500 for joint filers, adjusted for inflation
- The **estate and gift tax exemption** rises to \$15 million (\$30 million for married couples) in 2026, adjusted for inflation
- **Child tax credit rises** to \$2,200 from \$2,000 per qualifying child starting in 2025
- The **mortgage interest deduction** limitation becomes permanent and generally only permits interest deductions on mortgage debt up to \$750,000 (or \$375,000 for married individuals filing separately)

Trump Accounts

Beginning in 2026, children under the age of 18 qualify for a **Trump Savings Account (“Account”)**. **After-tax contributions of up to \$5,000 annually**, adjusted for inflation, can be made by parents, relatives, and other taxable entities, as well as non-profit and government entities until age 18. Accounts are invested in low-cost mutual fund or exchange-traded funds that are made up of mostly U.S. stocks. Distributions generally cannot be made from the account prior to the account holder reaching the age of 18, and there are restrictions, limitations, and tax consequences that govern how and when account funds can be used. **Employers may also contribute up to \$2,500** if certain program requirements are met. For U.S. citizens born in 2025 through the end of 2028, a \$1,000 contribution will be made by the U.S. Treasury as a one-time credit.

Student Loans

OBBBA **terminates income-contingent repayment plans** beginning July 2026 and those student loan borrowers could choose from a standard repayment plan or the new “Repayment Assistance Plan” based on 1% to 10% of their Adjusted Gross Income (AGI). OBBBA eliminates Grad PLUS Loans, subsidized Stafford loans for graduate and professional students, starting July 2026. The OBBBA also caps the maximum amount undergraduate, graduate, and professional students could borrow.

The OBBBA makes permanent the provision from the TCJA allowing **employers to make a student loan reimbursement payment** and indexes the overall educational assistance program exclusion (currently \$5,250) for inflation.



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New Deduction for Seniors

A **\$6,000 bonus deduction** (\$12,000 for joint filers) is available for individuals aged 65 and older, effective 2025–2028, for incomes up to **\$75,000** (single) or **\$150,000** (joint), phasing out by **\$175,000** (single) or **\$250,000** (joint). For someone with \$70,000 in income, combining this with the standard deduction (\$15,750) and existing age-based deduction (\$3,200) reduces taxable income by **\$24,950**, potentially saving **\$5,500** in taxes (22% bracket).

Other Notable Changes

Enhanced SALT Deduction

The state and local tax (**SALT**) **deduction cap increases from \$10,000 to \$30,000 in 2025**, rising 1% annually through 2029, before reverting to \$10,000 in 2030. It phases down by 20% for incomes above \$200,000 (single) or \$400,000 (joint).

Car Loans

From 2025 to 2028, individuals earning less than \$100,000 (single) or \$200,000 (joint) can **deduct** interest payments on car loans (**up to \$10,000 of the financed amount annually**) for newly purchased vehicles assembled in the U.S. and for personal use only.

Energy Tax Credits

Tax credits for electric vehicles will end for cars bought after September 30, 2025. Credits for energy-efficient home upgrades and clean energy systems will expire for anything installed after December 31, 2025.

Charitable Donations

Beginning in 2026, **taxpayers who don't itemize will still be able to deduct charitable donations** (up to \$1,000 for individuals and \$2,000 for couples). Contributions must be made in cash to a public charity and meet other specific requirements. For those individuals that do itemize deductions, at least 0.50% of adjusted gross income (AGI) must be donated before charitable contributions count toward a deduction.

529 Savings Plan Expansion

The OBBBA allows tax-exempt distributions from 529 savings plans to be used for educational expenses in connection with enrollment or attendance at an elementary or secondary school, including curriculum materials, online education, certain tutoring classes, fees for certain tests, and certain educational therapies. The OBBBA also treats certain post-secondary credentialing expenses as qualified higher education expenses. The **annual limit for K-12 expenses** is doubled from \$10,000 to **\$20,000 starting in 2026**.