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What the **"One Big Beautiful Bill"** Means for Your Financial Plan

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Overview

On July 4, 2025, the 119th Congress passed, and President Trump signed into law, the **One Big Beautiful Bill**: a sweeping and complex piece of legislation that reshapes the tax code, estate planning landscape, social safety nets, and incentives for savings and investment.

Standard Deductions & Tax Brackets

The bill permanently enhances **standard deductions** to $15,750 (individual), $23,625 (head of household), and $31,500 (joint), and locks in the **individual income-tax brackets** from the 2017 TCJA. This allows for long-term tax planning, especially for Roth conversions, charitable giving, and income-bunching strategies.

Business Provisions

- **The Qualified Business Income** deduction is now permanent at the 20% rate. Beginning in 2026, increased wage and asset limitations will apply at income thresholds from $50,000 ($100,000 married and joint) to $75,000 ($150,000 for married and joint filers). A new minimum deduction of $400 is introduced for taxpayers who earn at least $1,000 in business income from an activity in which they materially participate. This deduction will be adjusted annually for inflation.

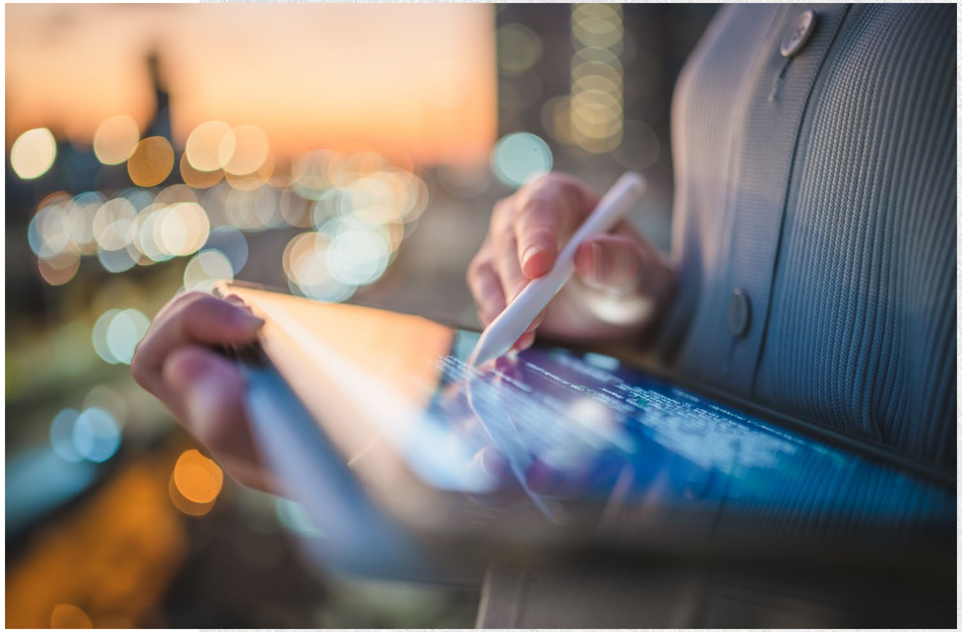
- Eligible property acquired after January 19, 2025 may permanently qualify for **100% bonus depreciation**.

- The limitation on **excess business loss deductibility** is now permanent. Disallowed losses will continue to be converted to net operating losses.

- The $1,000,000 annual expense limit from **Section 179** is increased to $2,500,000, with an increased phaseout threshold of $4 million (previously $2.5 million).

SALT Cap Raised Temporarily

The State and Local Tax (SALT) deduction cap increases to $40,000 through 2029, phasing out for incomes over $500,000. The cap reverts back to $10,000 in 2030, creating a significant future planning cliff. Individuals in high-tax states should evaluate multi-year deduction strategies now.



Temporary Deductions for Workers & Seniors

Up to $25,000 in **tip income** and $12,500 in **overtime** can be deducted through 2028 (phased out at $150K/$300K income levels).

Seniors age 65+ may deduct $6,000 individually, $12,000 jointly, to reduce taxable income, including Social Security, for AGIs up to $75K/$150K.

These **above-the-line deductions** align with standard deduction strategies, benefiting middle-income households.

Child & Family Incentives

The **Child Tax Credit** is increased to $2,200 (with $1,700 refundable).

Trump Accounts are new tax-advantaged IRA accounts for children born 2025–2028, seeded with $1,000 from the government. Parents can contribute up to $5,000/year, with employer contributions up to $2,500 (non-taxable). Investments grow tax-deferred and are taxed at long-term capital gains rates when used for qualified purposes.

Temporary enhancements to **Achieving a Better Life Experience (ABLE)** Accounts were extended or made permanent.

"Qualified higher education expenses" such as 529 accounts are expanded to include postsecondary credentialing expenses, as well as eligible costs associated with the enrollment or attendance at an elementary school or secondary private or religious school, or homeschooling.

Starting in 2027, an individual who makes a **cash donation to a scholarship** granting organization may receive a credit equal to 100% of their donation, subject to an annual per taxpayer cap of $1,700.

Estate & Gift Tax Relief

Starting 2026, **the estate and gift tax exemption** increases to $15 million per individual and $30 million per couple, eliminating the sunset of the prior higher exemption. This opens a window for strategic wealth transfer and GST planning. This increase is permanent, but will be adjusted for inflation starting in 2027.

Charitable Deductions

Beginning in 2026, Taxpayers who do not itemize can now claim up to $1,000 in **charitable deductions** ($2,000 for joint filers). For those who do itemize, a new 0.5% of AGI floor applies to charitable deductions, while corporations face a 1% AGI floor. Additionally, the provision allowing cash contributions to public charities to be deducted up to 60% of AGI has been made permanent.

Clean Energy Rollbacks

Tax credits for new/used electric vehicles and energy-efficient home upgrades expire in late 2025 and 2026, respectively. Investment in green energy faces new headwinds, while traditional energy sectors may benefit. Residential Energy Credits are also terminated, effective for purchases made after December 31, 2025.

Macroeconomic Trade-Offs

The bill significantly increases federal spending to $325 billion in defense and border security and cuts key **safety-net programs**, including **Medicaid and SNAP**, which will impact lower-income families. These changes, coupled with the permanent tax cuts, are projected to add $2.8–$3 trillion to the national debt by 2034. Interest payments may reach $1.8–$2.1 trillion annually, crowding out private investment and putting upward pressure on rates.

Final Thoughts

The One Big Beautiful Bill provides meaningful tax relief and new planning tools, especially for high earners, retirees, business owners, and young families. However, the bill introduces sunset risks, rising debt burdens, and the erosion of safety nets. This is the moment to review income strategies, gifting plans, savings vehicles, and estate arrangements. Speak with your Financial Professional and lean on Oppenheimer's planning resources to navigate this new financial era with clarity and confidence.

Sources

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Disclosures

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