

# UNLOCK YOUR TAX SAVINGS

---

HOW THE NEW TAX LAW MAY OPEN UP  
OPPORTUNITIES FOR RETIREMENT AND  
ESTATE PLANNING STRATEGIES



KEY PROVISIONS FOR RETIREMENT PLANNING, ESTATE  
PRESERVATION AND WEALTH OPTIMIZATION STRATEGIES.



It seems as if every few years tax laws change, and taxpayers have to figure out whether, and how, these changes affect their own situation. This year is no different.

The One Big Beautiful Bill (OBBB) was signed into law on July 4, 2025, with most provisions taking effect on Jan. 1, 2026, and applying to 2026 tax returns. The legislation permanently extends key provisions from the 2017 Tax Cuts and Jobs Act (TCJA) that were set to expire, preventing substantial tax increases for most Americans while increasing after-tax income.<sup>1</sup>

Beyond preserving existing tax benefits, the bill introduces several new tax cuts for individuals and businesses. However, many individual tax benefits are temporary, applying only to tax years 2025 through 2028.<sup>2</sup> This creates planning challenges, as future congressional action will determine whether these provisions continue beyond President Donald Trump's current term.

For a close-up view of how some of the permanent changes and temporary provisions may affect your tax return, check out the following changes and what each could mean to you.

# INDIVIDUAL TAX BRACKETS REMAIN UNCHANGED

The new law retains the same number of income tax brackets.

2025 INCOME TAX BRACKETS <sup>3</sup>		
RATE	INDIVIDUALS	MARRIED FILING JOINTLY
10%	Up to \$11,925	\$23,850
12%	\$11,925 to \$48,475	\$23,850 to \$96,950
22%	\$48,475 to \$103,350	\$96,950 to \$206,700
24%	\$103,350 to \$197,300	\$206,700 to \$394,600
32%	\$197,300 to \$250,525	\$394,600 to \$501,050
35%	\$250,525 to \$626,350	\$501,050 to \$751,600
37%	\$626,350 or more	\$751,600 or more



## WHAT THIS MEANS FOR YOU?

The tax system is progressive, so the more you make, the higher the tax rate on each block of subsequently higher income. In other words, even if your total income falls in a higher tax bracket, you won't pay that rate on all of your income. For example, a single person earning \$260,000 in 2025 would pay the following rates (assuming there are no adjustments for deductions, credits, etc.):

10% on the first \$11,925	= \$1,193
12% on the next \$36,550 (\$11,926 – \$48,475)	= \$4,386
22% on the next \$54,875 (\$48,475 – \$103,350)	= \$12,073
24% on the next \$93,949 (\$103,350 – \$197,300)	= \$22,548
32% on the next \$53,224 (\$197,300 – \$250,525)	= \$17,032
35% on the next \$9,475 (\$250,525 – \$260,000)	= \$3,316
<b>TOTAL TAX (unadjusted)</b>	<b>= \$60,548</b>

While the new law prevents tax rates from returning to the higher pre-2017 levels, it may not feel like a dramatic tax cut since it largely maintains the status quo. The additional benefit comes from several new tax reductions that could provide meaningful savings for many taxpayers.



## **STANDARD DEDUCTION<sup>4</sup>**

The standard deduction is permanently increased to \$15,750 for individuals and \$31,500 for married couples filing jointly, establishing new baseline amounts for taxpayers, effective in 2025. Beginning in 2026, these amounts will be adjusted annually for inflation, providing additional tax savings for the majority of taxpayers who don't itemize.

## **"SENIOR BONUS" DEDUCTION**

Nearly half of Social Security recipients currently pay federal income tax on their benefits, a dramatic increase from less than 10% in the 1980s.<sup>5</sup>

To provide relief, the new law grants seniors over 65 an additional \$6,000 bonus deduction from 2025 through 2028.<sup>6</sup> The full deduction is available to taxpayers age 65 and older with a modified gross adjusted income (MAGI) of up to \$75,000 for an individual filer and \$150,000 for a couple filing jointly. (Each spouse can take the deduction, for a total of \$12,000, if both are 65-plus.) Importantly, this "senior bonus" applies whether taxpayers itemize or take the standard deduction, making it accessible to virtually all qualifying seniors.<sup>7</sup>



## **WHAT COULD THIS MEAN FOR YOU?**

A married couple, both age 65, earning \$100,000 taking the standard deduction, the existing 65+ deduction, and the "senior bonus" deduction will see their taxable income shrink to \$53,300.

Below are examples of how taxpayers age 65+ may fare in 2025 compared to 2024.

## 2024 VS 2025

<b>SINGLE</b> <b>MAGI* of \$75,000 or less</b>		
	2024 <sup>8</sup>	2025
STANDARD DEDUCTION	\$14,600	\$15,750
65+ ADDITIONAL DEDUCTION	\$1,950	\$2,000
NEW SENIOR BONUS DEDUCTION		\$6,000
	\$16,550	\$23,750
NET DIFFERENCE		+\$7,200

<b>MARRIED FILING JOINTLY</b> <b>MAGI* of \$150,000 or less</b>		
	2024 <sup>8</sup>	2025
STANDARD DEDUCTION	\$29,200	\$31,500
65+ ADDITIONAL DEDUCTION	\$3,100	\$3,200
NEW SENIOR BONUS DEDUCTION		\$12,000
	\$32,300	\$46,700
NET DIFFERENCE		+\$14,400

\* modified adjusted gross income

**THIS “SENIOR BONUS” APPLIES WHETHER TAXPAYERS ITEMIZE OR TAKE THE STANDARD DEDUCTION, MAKING IT ACCESSIBLE TO VIRTUALLY ALL QUALIFYING SENIORS.<sup>9</sup>**

### **PERMANENT BOOST TO CHILD TAX CREDIT<sup>10</sup>**

Parents with children under 17 receive enhanced tax relief under the new law. The legislation increases the existing \$2,000-per-child credit, implemented by the Tax Cuts and Jobs Act in 2017, to \$2,200 and makes it permanent, preventing it from dropping back to \$1,000 after 2025.

After 2025, the credit will be adjusted for inflation.



# ITEMIZED DEDUCTIONS

The new law introduces several changes that reshape how — and whether — taxpayers benefit from itemizing. While some deductions have been expanded or reinstated, others have been capped or eliminated entirely.

## STATE AND LOCAL TAXES: HIGHER SALT DEDUCTION

Tax law limits the deduction for state and local taxes (SALT), which includes property taxes, state income taxes and local sales taxes (applicable only to taxpayers who live in states with no income tax). The new law increases the SALT deduction limit to \$40,000 in 2025 but phases out this benefit for taxpayers earning over \$500,000. The cap increases 1% annually until it falls back to \$10,000 in 2030.<sup>11</sup>



### WHAT COULD THIS MEAN FOR YOU?

Taxpayers in states with high property taxes and/or high state income taxes, particularly those with incomes between \$200,000 and \$500,000, would see a significant reduction in their federal tax burden. This is because they could deduct a larger portion of their state and local taxes.<sup>12</sup>

## PASS-THROUGH INCOME DEDUCTION

The qualified business income deduction that was part of the 2017 Tax Cuts and Jobs Act becomes permanent, benefiting small business owners who report business income on their personal tax returns. The deduction, up to 20% of eligible revenue, applies to sole proprietorships, partnerships, S corporations and LLCs.<sup>13</sup>



### WHAT COULD THIS MEAN FOR YOU?

Let's say your spouse earns \$100,000 as an employee and you earn \$100,000 through your small business, so your combined income totals \$200,000. After the \$31,500 standard deduction, your adjusted gross income becomes \$168,500. Under the 20% QBI deduction, you can deduct \$20,000 from your \$100,000 business income, reducing your taxable income to \$148,500.



# OTHER CHANGES

## DEDUCTION ON TIPS AND WORKER OVERTIME

The law introduces new deductions from 2025 through 2028 that provide tax relief on worker tips and overtime earnings. The tip deduction allows taxpayers to deduct up to \$25,000 in tips annually, while the overtime deduction covers up to \$12,500 in extra overtime pay. However, these deductions are limited to taxpayers earning \$150,000 or less, with those who make more eligible for a reduced deduction.<sup>14</sup>



### WHAT COULD THIS MEAN FOR YOU?

If you were a server earning \$40,000 in regular wages plus \$20,000 in tips, you would only pay taxes on the \$40,000 base salary.<sup>15</sup>

For overtime, if you earn \$20 per hour regular pay and \$30 per hour for overtime, you can deduct the \$10 premium from your taxable income, effectively making that portion of your overtime pay tax-free, up to the annual limit of \$12,500.<sup>16</sup>

## NO TAX ON AUTO LOAN INTEREST

A new auto loan interest deduction from 2025 through 2028 applies exclusively to new vehicles assembled in the United States. The deduction is capped at \$10,000 per year and phases out at a 20% rate for single filers earning above \$100,000 and married couples above \$200,000. This benefit is available regardless of whether you itemize or take the standard deduction.<sup>17</sup>

## ALTERNATIVE MINIMUM TAX (AMT)

The law permanently extends the higher individual Alternative Minimum Tax (AMT) exemption amounts from the 2017 tax reform. The AMT exemption phaseout thresholds will revert back to the 2018 levels of \$500,000 for single filers and \$1 million for those filing jointly, indexed for inflation, and the phaseout rate is increased.<sup>18</sup>



## **“TRUMP ACCOUNT” TAX-ADVANTAGED SAVINGS FOR KIDS**

These accounts are available only for children born between Jan. 1, 2025, and Jan. 1, 2029, with funds invested in diversified index funds. Parents can contribute up to \$5,000 per child each year, while the government provides a one-time \$1,000 contribution for each eligible U.S. citizen born during this period. Employers could also contribute up to \$2,500 to an employee’s account without it counting as income for the employee.<sup>19</sup>

Children cannot access the funds until age 18, at which time the account becomes a traditional Individual Retirement Account (IRA). Money can be withdrawn from the account prior to retirement for certain expenses including education or to purchase a home. Investment gains are taxed at favorable long-term capital gains rates.<sup>20</sup>

## **CHARITABLE DEDUCTION FOR NON-ITEMIZERS**

The legislation creates a permanent charitable deduction of \$1,000 for single filers and \$2,000 for married couples filing jointly that can be claimed regardless of whether the taxpayer takes the standard deduction or itemizes.<sup>21</sup>

## **ESTATE TAXES**

The new law locks in the dramatically higher estate tax exemption from the 2017 tax reform, rescuing it from scheduled expiration. For 2025, individuals can shield \$13.99 million from estate taxes, while married couples protect \$27.98 million.<sup>22</sup>

These thresholds jump even higher in 2026 — to \$15 million for individuals and \$30 million for couples — with automatic inflation adjustments continuing indefinitely.<sup>23</sup>



## **WHAT COULD THIS MEAN FOR YOU?**

Just the \$1 million exemption increase in 2026 could save a family \$400,000 in estate taxes — money that stays with your heirs instead of going to the government.<sup>24</sup>



# TAKEAWAY: TAKE CHARGE OF YOUR TAX BILL WITH PROACTIVE PLANNING

The One Big Beautiful Bill made sweeping changes to tax legislation that promise to have far-reaching budgetary and economic impacts.

The legislation is estimated to prevent tax increases for 62% of taxpayers who would have faced higher rates if the TCJA expired as scheduled.<sup>25</sup> However, concerns remain that the tax cuts and spending provisions could increase the budget deficit, requiring additional government borrowing that may ultimately reduce American incomes as debt service costs rise.<sup>26</sup>

A future administration and Congress could decide to adjust or make wholesale changes by establishing new legislation.



## WHAT COULD THIS MEAN FOR YOU?

Recognize that taxes — much like stock prices, the direction of interest rates and how long we can expect to live — are variables that are largely out of our control. The one thing we can focus on is our individual financial goals.

**Your financial advisor can coordinate with other qualified professionals, such as a tax professional and estate planning attorney, to help address any tax concerns in your comprehensive strategy. If you're not sure how tax changes might affect your unique situation or your retirement income, contact your financial advisor.**

# SOURCES

<sup>1</sup> Garrett Watson, et al. Tax Foundation. July 4, 2025. "One Big Beautiful Bill Act" Tax Policies: Details and Analysis." <https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-tax-plan/>. Accessed July 7, 2025.

<sup>2</sup> Ibid

<sup>3</sup> Kemberley Washington. Bankrate. June 26, 2025. "2024-2025 tax brackets and federal income tax rates". <https://www.bankrate.com/taxes/tax-brackets/>. Accessed July 7, 2025.

<sup>4</sup> Jim Sergent and Janet Loehrke. USA Today. July 5, 2025. "Big Beautiful Bill 101: What you need to know about the new law." <https://www.usatoday.com/story/graphics/2025/07/04/trump-big-beautiful-bill-tax-details-explained/84461981007/>. Accessed July 7, 2025.

<sup>5</sup> Kenneth Terrell. AARP. July 3, 2025. "What's in the 'One Big Beautiful Bill' for Older Americans?" <https://www.aarp.org/government-elections/budget-bill-older-americans.html> Accessed July 7, 2025.

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Sabrina Parys. Nerdwallet. June 5, 2025. "Standard Deduction for 2024 and 2025: Amounts, When to Take." <https://www.nerdwallet.com/article/taxes/standard-deduction>. Accessed July 8, 2024.

<sup>9</sup> Kenneth Terrell. AARP. July 4, 2025. "What's in the 'One Big Beautiful Bill' for Older Americans?" <https://www.aarp.org/government-elections/budget-bill-older-americans.html>. Accessed July 7, 2025.

<sup>10</sup> Kate Dore. CNBC. July 4, 2025. "What Trump's 'one big beautiful' tax-and-spend package means for your money." <https://www.cnbc.com/guide/what-trumps-one-big-beautiful-bill-means-for-your-money/#trumps-2017-tax-cut-extensions>. Accessed July 7, 2025.

<sup>11</sup> Ibid

<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</sup> Bailey Schultz. USA Today. July 3, 2025. "Trump's 'no tax on tips' is getting close to the finish line. Here's how it will work." <https://www.usatoday.com/story/money/2025/07/02/trump-bill-no-tax-on-tips-explained/84447598007/>. Accessed July 7, 2025.

<sup>15</sup> Ibid

<sup>16</sup> Ibid

<sup>17</sup> Garrett Watson, et al. July 4, 2025. "One Big Beautiful Bill Act" Tax Policies: Details and Analysis." <https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-tax-plan/>. Accessed July 7, 2025.

<sup>18</sup> Ibid

<sup>19</sup> Jessica Dickler. CNBC. July 4, 2025. "What Trump's 'one big beautiful' tax-and-spend package means for your money." <https://www.cnbc.com/guide/what-trumps-one-big-beautiful-bill-means-for-your-money/#trumps-2017-tax-cut-extensions>. Accessed July 7, 2025.

<sup>20</sup> Ryan Ermey. CNBC. July 8, 2025. "'Free money' from Trump accounts is a 'no brainer,' says expert — but other options may be better." <https://www.cnbc.com/2025/07/08/how-trump-accounts-work.html>. Accessed July 8, 2025.

<sup>21</sup> Garrett Watson, et al. Tax Foundation. July 4, 2025. "One Big Beautiful Bill Act" Tax Policies: Details and Analysis." <https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-tax-plan/>. Accessed July 7, 2025.

<sup>22</sup> Kate Dore. CNBC. Oct. 22, 2024. "IRS announces bigger estate and gift tax exemption for 2025." <https://www.cnbc.com/2024/10/22/irs-estate-gift-tax-changes-2025.html>. Accessed July 7, 2025.

<sup>23</sup> Garrett Watson, et al. Tax Foundation. July 4, 2025. "One Big Beautiful Bill Act" Tax Policies: Details and Analysis." <https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-tax-plan/>. Accessed July 7, 2025.

<sup>24</sup> Kate Dore. CNBC. Oct. 22, 2024. "IRS announces bigger estate and gift tax exemption for 2025." <https://www.cnbc.com/2024/10/22/irs-estate-gift-tax-changes-2025.html>. Accessed July 7, 2025.

<sup>25</sup> Garrett Watson, et al. Tax Foundation. July 4, 2025. "One Big Beautiful Bill Act" Tax Policies: Data and Analysis." <https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-taxplan/>. Accessed July 7, 2025.

<sup>26</sup> Ibid

*This content is provided for informational purposes only and is not intended to serve as the basis for financial decisions.*

*Investing involves risk, including the potential loss of principal. Any references to protection or lifetime income generally refer to fixed insurance products, never securities or investment products. Insurance and annuity product guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.*

*Our firm is not permitted to offer tax or legal advice. Individuals are encouraged to consult with a qualified professional before making any decisions about their personal situation.*

*Content prepared by Advisors Excel.  
© 2025 Advisors Excel, LLC  
7/25-4564908*