

Learn how the One Big Beautiful Bill Changes your Financial Picture!

Tax Changes (Deductions):

- **Standard Deduction:** Increased in 2025 to \$31,500 for Married Filing Jointly and \$15,750 for Single filers.
- **Additional Deduction for Seniors:** For taxpayers 65 or older, the additional deduction increased to \$6,000 (single filers) or \$12,000 (married filing jointly).
 - This is only available for 2025 to 2028 tax years with a phaseout beginning when MAGI¹ exceeds \$75,000.
- **Auto Loan Interest:** Interest on auto loans for new U.S. assembled vehicles, up to \$10,000, is an above-the-line deduction for tax years 2025-2028.
 - Has a phaseout starting when the taxpayer's MAGI exceeds \$100,000 (single filers) or \$200,000 (joint filers)
- **Charitable Contributions:** Starting in 2026, non-itemizers will be able to deduct charitable contributions of up to \$1,000 (single filers) or \$2,000 (married filing jointly).
 - Itemizers can only deduct itemized deductions that exceed 0.5% of their adjusted gross income.
- **Trump Accounts:** Children born between 2025 and 2028 will get a one-time deposit of \$1,000 by the U.S. Treasury into a Child Investment Savings Account (CISA).
 - Parents & employers can invest up to \$5,000 per year combined. Employers are capped at \$2,500 a year.
- **State and Local Taxes (SALT) Cap:** \$40,000 maximum Federal deduction, sunseting in 2029.
 - This number was previously only \$10,000.
- **No Tax on Tips:** Above-the-line deduction on qualified tips up to a \$25,000 maximum.
 - This is only available for 2025 to 2028 tax years with a phaseout when taxpayer's MAGI exceeds \$150,000 (single filers) or \$300,000 (married filing jointly).
- **No Tax on Overtime:** Above-the-line deduction on overtime up to \$12,500 (single filers) or \$25,000 (married filing jointly). The deduction applies only to the portion of pay that exceeds the regular pay rate.
 - This is only available for 2025 to 2028 tax years with a phaseout when taxpayer's MAGI exceeds \$150,000 (single filers) or \$300,000 (married filing jointly).

Tax Changes (Credits):

- **Child Tax Credit:** Increased to \$2,200 from \$2,000 starting in 2026, and will be indexed for inflation in the following years.
- **Wind and Solar Tax Credits:** Wind and solar projects starting before July 4, 2026, retain broader eligibility for ITCs and PTCs, and projects starting after that date must be placed in service by December 31, 2027, to qualify.
 - Accelerated depreciation ends for projects starting after 2024.
 - An anti-abuse rule disqualifies certain leased residential energy systems from credits starting in 2025.
- **Green Energy Tax Credits:** The expiration of multiple clean energy tax credits are accelerated to end in 2025 or 2026, from their original 2032 end date.

¹ MAGI: Modified Adjusted Gross Income

*Eligibility for deductions, credits, exclusions, and other tax benefits depends on a taxpayer's individual facts and circumstances. Not all provisions will apply to all taxpayers.

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General Conclusions:

- The One Big Beautiful Bill brings clarity and permanence to our previous tax situation as there were so many big ticket items set to sunset at the end of 2025. The bill has set many of these in place without a predetermined year it will sunset in.
- Many of the bill's most generous provisions — such as the no tax on tips and overtime, and various clean energy credits — are temporary, creating urgency for taxpayers and businesses to take advantage before they sunset (mostly between 2025 and 2028).
- The bill encourages earlier and increased retirement savings by expanding access to workplace retirement plans, enhancing the Saver's Credit, and supporting automatic enrollment. Combined with higher take-home pay from tax-free overtime and tips, certain provisions may increase after-tax income for some taxpayers and may affect financial planning decisions.
- The bill is set to be an expensive one though, with the total cost towards the US deficit this decade expected to be in the \$2.5 to \$3.3 Trillion dollar range.

Note: This is not an all-encompassing list, but rather a selection of key points relevant to most people.

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