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Leveraging the One Big Beautiful Bill for Long-Term Financial Planning

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Why This Legislation Matters

These changes create new opportunities for wealth building and retirement.

The One Big Beautiful Bill (OBBB) Act, signed into law on July 4, 2025, represents the most comprehensive tax legislation since 2017. This sweeping reconciliation bill doesn't just extend existing tax provisions, it fundamentally reshapes the financial landscape for millions of Americans through permanent tax changes, new deductions and policy shifts.

This isn't just about filing different tax forms. It's about understanding how these changes create new opportunities for wealth building and retirement. The legislation affects a wide range of personal finance issues, from how you manage taxes to the strategies available for retirement, estate management and wealth transfer. Whether you're a working professional, small business owner, retiree or parent mapping out your children's future, this bill likely impacts your financial roadmap.

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Major Tax Changes

The OBBB Act extends current tax rates of 12, 22, 24, 32 and 37 percent through 2030. Without this extension, rates would have increased to 15, 25, 28, 33 and 39.6 percent in 2026.

Standard deductions also increase to $15,750 for single filers and $31,500 for married couples filing jointly in 2025, with inflation adjustments taking effect in 2026.

The State and Local Tax (SALT) deduction is adjusted, increasing to $40,000 in 2025 and growing by 1 percent annually until 2030, when it drops back to $10,000. This change might help taxpayers in high-tax states, though it includes a $500,000 income threshold.[1,2,3]

New Family Benefits

Several provisions target seniors and families with children.

Americans 65 and older get a $6,000 bonus deduction starting in 2025, available on top of the standard deduction. This benefit phases out for individuals earning over $75,000 or couples earning over $150,000, disappearing entirely at $175,000 and $250,000, respectively. The deduction expires in 2028.[1,2,3]

The child tax credit increases from $2,000 to $2,200 starting in 2025, with built-in cost-of-living adjustments.

Beginning in 2026, the dependent care flexible spending account limits jump from $5,000 to $7,500, while the maximum percentage of qualified dependent care expenses increases from 35 to 50 percent.[1,2,3]

Parents of babies born between 2025 and 2028 receive a one-time $1,000 government contribution to a special account. Parents can contribute up to $5,000 annually, but withdrawals aren't permitted until age 18.

Current tax rates extended:

12%, 22%, 24%, 32%, 37%

State and Local Tax (SALT) deduction:

$40,000
in 2025

1%
annual increase through 2029

Standard deductions:

$15,750
single filers

$31,500
joint filers

Starting in 2026, 529 plans will also expand to cover non-tuition expenses for elementary and secondary schools, while the cap for tuition related expenses doubles from $10,000 to $20,000.[1,2,3]

Business and Work Incentives

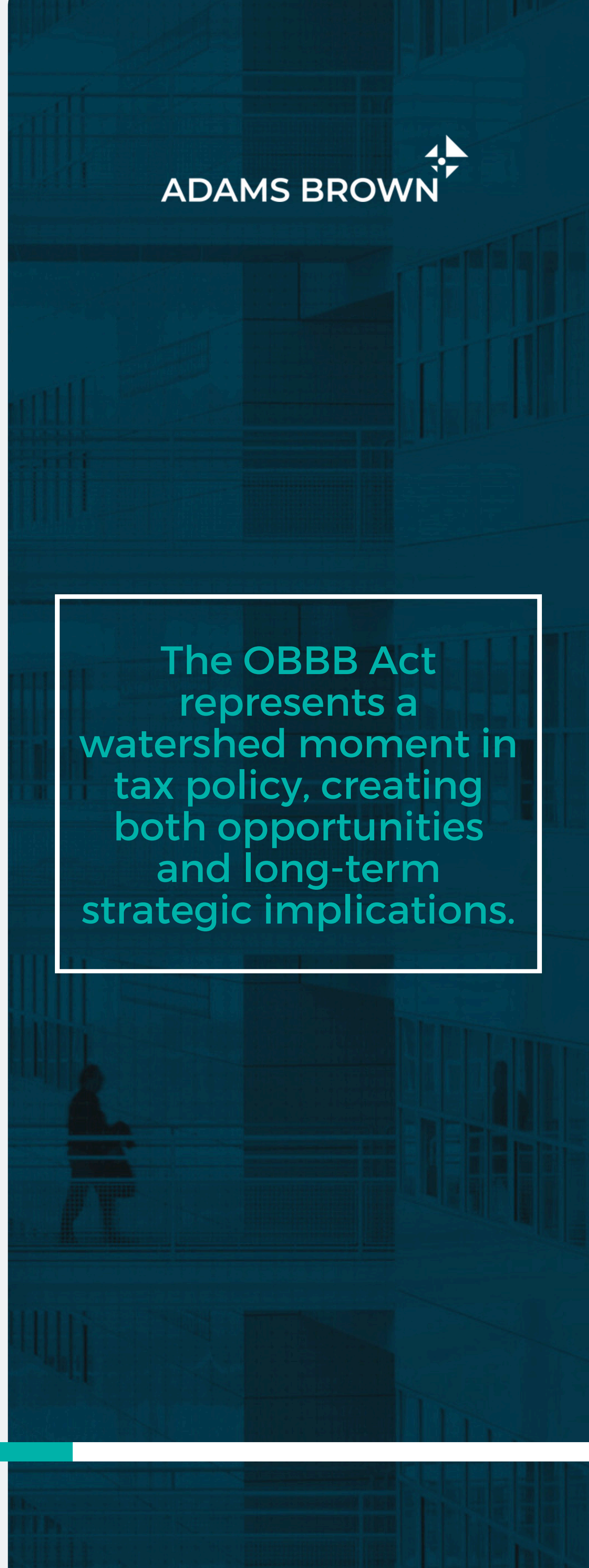
The legislation permanently establishes a 20 percent deduction on qualified business income for sole proprietorships, partnerships and S corporations.

Businesses can again expense 100 percent of capital investments made after January 19, 2025, though some limitations apply.

The new law also raises the 1099-K reporting thresholds to $20,000 and 200 transactions for cash app transactions, starting in 2025, rolling back the previous $600 threshold.

Service industry workers benefit from a new $25,000 deduction for tips, available from 2025 through 2028. The deduction phases out for individuals earning over $150,000 or couples earning over $300,000. New overtime deductions provide $12,500 for single filers and $25,000 for joint filers from 2025 through 2028, with the same income limits.[1,2,3]

Through 2028, buyers can deduct up to $10,000 in new car loan interest, provided the vehicle undergoes final assembly in the United States. The deduction phases out for individuals earning over $100,000 or couples earning over $200,000.[1,2,3]



The OBBB Act represents a watershed moment in tax policy, creating both opportunities and long-term strategic implications.

Estate Considerations and Giving

Estate and gift tax exemptions increase in 2026 to $15 million for individuals and $30 million for couples, up from current levels of $13.99 million and $27.98 million. Charitable contributions of $1,000 for individuals and $2,000 for married couples are now deductible without itemizing. These amounts will adjust with inflation.[1,2,3]

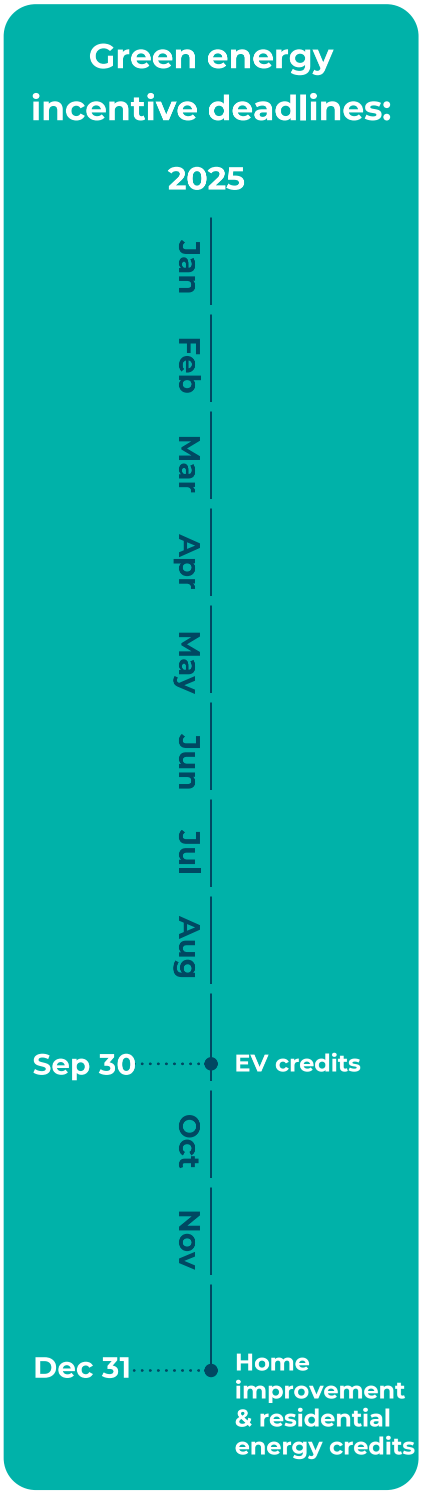
While the OBBB Act provides some clarity on estate issues, tax laws tend to change over time, so proactive estate management can be the best approach for many concerned with wealth preservation.[1,2,3]

Estate and gift tax exemptions:

Individuals	**$13.99 m**	2025
	$15 m	2026
Couples	**$27.98 m**	2025
	$30 m	2026

Time-Sensitive Deadlines

Several green energy incentives face deadlines. Home improvement credits for items like windows and residential energy credits for solar installations end on December 31, 2025. Electric Vehicle (EV) credits for both new and used vehicles expired September 30, 2025.[1,2,3]



What's Next?

The OBBB Act represents a watershed moment in tax policy, creating both opportunities and long-term strategic implications. With many provisions that are temporary, future Congresses may face decisions about extending or modifying these changes.

Most importantly, you should view these changes as tools that might help you build a stronger financial future. The legislation provides multiple pathways for managing taxes while supporting family goals, so it's an ideal time to see if you can take advantage of some of the new rules.

With passage of the OBBB and the new permanence of important tax incentives, tax planning and wealth management is more important than ever for business owners. Contact an Adams Brown advisor for a discussion about your business and personal financial planning.

Sources

1. Congress.gov, July 4, 2025
2. Internal Revenue Service, July 25, 2025.
3. Internal Revenue Service, July 25, 2025.

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