

DECODING THE ONE BIG BEAUTIFUL BILL ACT

What Are the Key Provisions that Could Affect You?

STEWARD WEALTH STRATEGIES | 343 E. SIX FORKS RD., STE. 100, RALEIGH, NC 27609 | 919.803.0035 | WWW.STEWARD-WEALTH.COM

We believe informed clients make better decisions. One of our strategic goals is to always attempt, where possible, to add value through proactive tax planning ideas. We hope you find this article on the new tax law informative and helpful.

KNOWLEDGE
IS
POWER

ONE BIG BEAUTIFUL BILL ACT

On July 4, 2025, President Trump signed a new bill that will change financial planning for millions of Americans. Referred to as the “One Big Beautiful Bill Act (OBBBA)”, this complex bill includes a myriad of tax issues over hundreds and hundreds of pages. Most taxpayers have seen news, commentary, opinions, and reports about the OBBB, but many just want to know the answer to one question: *how does this affect me?*

As wealth managers, one of our primary goals is to stay apprised of changes that could affect our clients in the areas of retirement, tax, estate, investment, and preservation planning. **While there was much packed into this act, we feel the following key items within the OBBB act are applicable to a large group of our investors and savers.**

CURRENT TAX BRACKETS WERE MADE PERMANENT

The Tax Cuts and Jobs Act (TCJA) income tax brackets were scheduled to sunset at the end of 2025. These brackets are now permanent, saving millions of taxpayers from a tax increase. There is also a slight upward adjustment to the top of the 10% and 12% brackets, thereby granting a small amount of additional relief, starting in 2026. This is a sigh of relief for taxpayers that could have seen higher tax brackets, including the pre-TCJA highest tax bracket of 39.6%.

HIGHER STANDARD DEDUCTIONS BECAME PERMANENT & EXPANDED

The TCJA nearly doubled the standard deductions while eliminating personal exemptions. The OBBBA made the higher standard deductions permanent and also provided a slight increase. Starting in 2025, the deduction will be \$15,750 for single filers, \$23,625 for head of households, and \$31,500 for married individuals filing jointly.

FILER STATUS	2025 TCJA	2025 OBBBA
Single	15,000	15,750
HoH	22,500	23,625
MFJ	30,000	31,500
MFS	15,000	15,750

ADDITIONAL TEMPORARY DEDUCTION FOR SENIORS

There is a new deduction for taxpayers who have reached age 65 before the end of the tax-year (subject to phaseouts). From 2025-2028, qualifying individuals can deduct up to an additional \$6,000. The deduction phases out for incomes above \$75,000 (\$150,000 joint). This deduction is meant to partially fulfill the president's campaign promise to eliminate taxation of Social Security benefits. However, Social Security benefits are not required to qualify.

STATE AND LOCAL DEDUCTION (SALT) CAP IS RAISED

Starting in 2025, the state and local deduction (SALT) is raised from \$10,000 to \$40,000, with a 1% increase in the cap each year through 2029 before returning to the \$10,000 limit for 2030.

The \$40,000 deduction cap is phased-down to the prior \$10,000 cap for taxpayers with a modified adjusted gross income (MAGI) over \$500,000. The phase-down occurs over a \$100,000 range and therefore taxpayers with a MAGI of \$600,000 or more are limited to a SALT deduction of \$10,000.

THE ESTATE TAX EXEMPTION IS INCREASED

The TCJA doubled the estate tax exclusion amount, allowing individuals to pass on larger estates tax-free. The OBBBA increases exclusion from \$13.99 million to \$15 million (\$27.98 million to \$30 million married couples). The exclusion was scheduled to reset to pre-TCJA law and would have been approximately \$7 million for individuals in 2026. The OBBBA also made the higher exclusion permanent. The gift tax and generation skipping tax (GST) exclusion is the same as the new estate tax exclusion. This will provide meaningful relief to many families who may be subject to the estate tax but are not wealthy enough to undertake simple and effective tax planning. The stepped-up basis at death remains.

TCJA MORTGAGE INTEREST MODIFICATIONS MADE PERMANENT

The TCJA reduced the loan principal which could incur deductible interest from \$1,000,000 to \$750,000.

The TCJA also eliminated the deductibility of mortgage interest not attributable to acquisition indebtedness, for example, a HELOC used to pay bills.

The OBBBA made these provisions permanent. However, the Act does restore the deductibility of mortgage insurance premiums.

THE CHILD TAX CREDIT WAS EXPANDED

The child tax credit has been increased by \$200 and is now \$2,200, effective in 2025. This credit is reduced or phased out for single filers with incomes above \$200,000 (\$400,000 jointly).

A NEW CAR INTEREST LOAN TAX DEDUCTION WAS CREATED

A new tax deduction for interest paid on new car loans is now available. The clincher is that qualified vehicles are those assembled in the United States. This deduction starts in 2025 and is set to expire at the end of 2028. This "above-the-line" deduction is capped at \$10,000 annually and can be claimed without itemizing. This deduction phases out for higher earners (above \$100,000 for single filers and \$200,000 for joint filers).

QUALIFIED BUSINESS INCOME (QBI) DEDUCTION MADE PERMANENT

The Section 199A deduction, also known as the Qualified Business Income (QBI) deduction or the pass-through deduction, was enacted as part of the Tax Cuts and Jobs Act of 2017 to provide a tax break for many owners of small businesses. The OBBBA made this 20% deduction permanent.

NEW TRUMP ACCOUNTS

The OBBBA includes a new “Trump Account”. This is a tax-advantaged investment account that is prefunded with \$1,000 for each child born from the beginning of 2025 through the end of 2028. Children *not* born during this time are eligible for this IRA-like account option, but not the \$1,000 initial deposit.

The goal of this new account is to encourage an early start on saving and investing early in life so that these children have a better opportunity to accrue savings by the time they are ready for larger life expenses, such as college, or the purchase of a home. While this Trump Account has good intentions, it is rather complex and comes with a gamut of parameters that dull the attractiveness of the \$1,000 throw in. Please remember, there are many other options for savings for children, such as a 529 plan, that may have greater tax advantages. If this is something you would like to explore, or you would like to explore other options for early jumpstart savings options, please consult with us.

NO TAX ON TIPS & OVERTIME PAY

There are now new provisions in the OBBBA that provide tax deductions for tips and overtime pay. These deductions are available from 2025 through 2028.

The deduction for tips received is up to \$25,000. However, there are a number of qualifications, including that the tips must be received in an occupation that customarily and regularly receives tips, such as waitressing.

Individuals who receive overtime pay that is required only by the Fair Labor Standards Act (FLSA) that exceeds their regular pay are also entitled to a new deduction. This deduction is capped at \$12,500 (\$25,000 for joint filers).

Both of these provisions are phased out for earners making over \$150,000 (\$300,000 filing jointly).

KEY TAKEAWAYS

TAX BRACKETS & DEDUCTIONS

- TCJA tax brackets and higher standard deductions are now permanent, preventing a 2026 tax increase.

SENIOR DEDUCTION

- New \$6,000 deduction for those 65+ (2025–2028), with income phaseouts.

SALT DEDUCTION

- Cap raised to \$40,000 starting in 2025, with gradual phase-down for high earners.

ESTATE & GIFT TAX

- Exemption increased to \$15M per person and made permanent. Step-up in basis remains.

HOUSING-RELATED DEDUCTIONS

- TCJA mortgage limits made permanent; mortgage insurance premiums are now deductible.

FAMILY BENEFITS

- Child tax credit raised to \$2,200. New “Trump Account” for children born 2025–2028, with a \$1,000 initial deposit.

SMALL BUSINESS OWNERS

- The 20% QBI deduction is now permanent, with a \$400 minimum deduction starting in 2026.

NEW CAR LOAN DEDUCTION

- Up to \$10,000 for interest on U.S.-assembled vehicles (2025–2028), with income limits.

TIPS & OVERTIME PAY

- New deductions available (up to \$25K for tips, \$12.5K–\$25K for overtime) through 2028, with phaseouts.

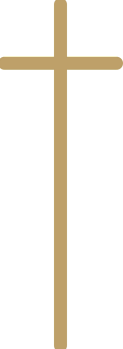
THE BOTTOM LINE

Our goal is to update clients on any tax law changes that could affect their situation. There are many other provisions within the OBBBA that can affect many Americans. Some of you may be impacted by changes within the One Big Beautiful Bill Act, and some of you may not. With all the new information released and all the news sources providing their opinions, it can be confusing. Please keep in mind that the most important thing for you to do is to stay focused on your personal and unique goals and financial situation.

We believe in a proactive approach to your finances.

If you would like to talk about items discussed within this article, or any other provisions that have piqued your interest, please call us.

BIBLICAL APPLICATION



As financial laws and policies shift, it's natural to feel the weight of change—especially when it affects your financial future. But as people of faith, we're reminded that true peace doesn't come from stable tax brackets or favorable laws. It comes from knowing the One who never changes.

“The counsel of the Lord stands forever, the plans of His heart to all generations.” (Psalm 33:11)

While our team stays focused on helping you navigate the shifting financial landscape, we encourage you to keep your eyes on the bigger picture. Stewardship isn't just about preparing for what's next—it's about walking wisely and faithfully, no matter what changes may come.

WE WANT TO SERVE OTHERS LIKE YOU!

BECOME AN SWS AMBASSADOR AND JOIN US FOR SPECIAL EVENTS & PRESENTATIONS*

THREE WAYS TO QUALIFY:

- **Add someone to our newsletter mailing list**
- **Introduce someone to our team of CERTIFIED FINANCIAL PLANNER® Professionals**
 - **We offer complimentary initial consultations!**
- **Invite us to speak at an FPU or another group you care about**

***Annual Qualification**

The views stated in this newsletter are not necessarily the opinion of **Osaic Wealth, Inc.** and should not be construed, directly or indirectly, as an offer to buy or sell any securities mentioned herein.

Securities and investment advisory services offered through **Osaic Wealth, Inc.** member FINRA/SIPC. **Osaic Wealth** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth**. **Osaic Wealth** does not provide tax advice. This article is for informational purposes only. This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice as individual situations will vary. For specific advice about your situation, please consult with a lawyer, tax or financial professional. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Past performance is not a guarantee of future results. Investing involves risk and investors may incur a profit or a loss. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly. Sources: wallethub.com; nerdwallet.com; Experian.com. Contents provided by the Academy of Preferred Financial Advisors, Inc. ©

Steward Wealth Strategies | 343 E. Six Forks Road, Suite 100 Raleigh, NC 27609 | www.Steward-Wealth.com | 919.803.0035

Working with an advisor that subscribes to the Smartvestor Pro network cannot guarantee investment success or that financial goals will be achieved. There can be no assurance that working with a Smartvestor Pro will produce or achieve better results than working with an advisor not affiliated with the Smartvestor program. Advisors pay a fee to belong to the Smartvestor Pro Program. Dave Ramsey and the Ramsey Smartvestor Pro program is not affiliated with **Osaic Wealth** and is not sponsored or endorsed by **Osaic Wealth, Inc.** This communication is strictly intended for individuals residing in the state(s) of AL, AZ, AR, CA, CO, CT, DC, FL, GA, IL, IN, KS, KY, LA, MA, MD, ME, MI, MO, MT, NJ, NM, NY, NC, OH, OK, PA, SC, TN, TX, VA, WA and WV. No offers may be made or accepted from any resident outside the specific states referenced.