

## NEWSLETTER FALL 2025

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## New Provisions from The One Big Beautiful Bill Act (OBBB)

The One Big Beautiful Bill Act (OBBB) was signed into law on July 4<sup>th</sup>, 2025. This new legislation makes sweeping changes to taxes, government spending and certain social programs, which will affect almost every American. Perhaps the most impactful piece of the OBBB was how it addressed the Tax Cuts and Jobs Act. When the Tax Cuts and Jobs Act was signed into law in 2017, it was initially set to expire in 2026. This act had many sweeping changes, such as increasing the standard deduction, eliminating personal exemptions, adding a \$10,000 cap to the State and Local Tax (SALT) deduction and expanding the estate tax exemption, to name a few. With the passing of the OBBB, the provisions outlined in the Tax Cuts and Jobs Act have been extended into the future and will not expire in 2026.

Although this law is meant to be “permanent”, tax law is written in pencil and can be changed by new administrations.

Not only did the OBBB extend the Tax Cuts and Jobs Act, but it also made many new changes of its own. For 2025, the standard deduction increases to \$15,750, up from \$15,000 originally, for individual filers, and increases to \$31,500, up from \$30,000 originally, for married filing jointly. Also, there is a new \$6,000 deduction for seniors aged 65

and older for tax years 2025-2028. This is per person, so a married couple could deduct up to \$12,000 if each spouse is aged 65 or older. This is in addition to the regular standard deduction and the existing increased standard deduction for those aged 65 and older or blind. The senior deduction even applies to those taxpayers who itemize their returns, meaning they don't have to take the standard deduction to get this new tax benefit. The Senior deduction phases out beginning with modified adjusted gross incomes of \$75,000 for individuals and \$150,000 for those married filing jointly. It phases out completely at \$175,000 for single filers and \$250,000 for married filing jointly. The Senior deduction was added in lieu of making Social Security income tax-free, which was initially proposed but ultimately didn't get approved.

For taxpayers who itemize their tax returns, the state and local tax (SALT) deduction cap has increased to \$40,000, which is up from \$10,000 previously, effective for tax years 2025-2029. The \$40,000 SALT cap will increase by 1% each year. The increased cap on the SALT deduction phases out beginning with modified adjusted gross incomes (MAGI) of \$500,000 and it phases out at \$600,000 for both single and married filing jointly. For

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