

WHAT FINANCIAL PROFESSIONALS SHOULD KNOW

Navigating the One Big Beautiful Bill

One Big Beautiful Bill (OBBB), signed into law by President Donald J. Trump on July 4, 2025, is a comprehensive piece of legislation that touches nearly every aspect of American economic and domestic policy. Below are key areas to note.

A new tax environment for households

The OBBB introduces sweeping changes to individual tax treatment:

- Permanent extension of income tax rate tables from 2017 Tax Cuts and Jobs Act tax reform
- No federal tax on eligible overtime, tips, and Social Security income (with phaseouts at higher income levels) through 2028¹
- An expanded Child Tax Credit, now \$2,200 - indexed permanently for inflation
- Increases to the standard deduction, with an additional \$6,000 deduction for seniors, age 65+
- A temporary expansion of the SALT deduction from \$10,000 to \$40,000 through 2029

Healthcare & coverage: significant shifts ahead

The bill includes major structural changes to federal benefit programs:

- Over \$1 trillion in cuts to Medicaid and Children's Health Insurance Program, including a new work requirement
- Projected coverage loss for over eleven million individuals by 2034, according to Congressional Budget Office estimates
- Reductions to Medicare and Supplemental Nutrition Assistance Program (SNAP), with potential downstream impacts on retirees and low-income families

Savings vehicles with strategic value

The OBBB introduces and expands several savings vehicles:

- Trump Accounts, with tax-deferred growth and flexible use
- Permanently expanded Achieving a Better Life Experience accounts for individuals with disabilities
- Enhanced 529 Plans for education and certification
- New \$1,000/\$2,000 (single/joint filers) charitable deduction for non-itemizers starting in 2026

Business owners & investors: permanence brings opportunity

- Qualified Business Income deduction under Section 199A made permanent
- Full bonus depreciation and expanded Section 179 caps
- Up to \$15M Qualified Small Business Stock capital gains exclusions
- Estate tax exemption increases to \$15M per individual, \$30 million for married couples

Financial professionals: guiding the path forward

Key actions to consider:

- Review tax positioning with clients.
- Plan for volatility as some provisions sunset in 2028 and 2029.
- Expand conversations to address long-term impact.
- Explore additional planning tools such as annuities and life insurance.

Looking ahead

While the long-term fiscal impact of the OBBB is uncertain, the direction is clear. Clients will increasingly be responsible for their own financial security. Our role as trusted financial professionals is more vital than ever.

Learn more

Does the new legislation raise questions with your clients? We're here to help. Contact the Life Sales Support Team today.

1-888-413-7860, option 1 (Independent brokerage)

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1. Some limitations may apply.

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