

## “One Big Beautiful Bill” Becomes a Reality

### *What Taxpayers Should Know*

by Nicholas Breit, CFA, CFP®, Partner & Director of Financial Planning

July 2025

Congress passed the “One Big Beautiful Bill” (OB BB), a sweeping piece of tax legislation extending many provisions from the 2017 Tax Cuts and Jobs Act (TCJA)<sup>1</sup>. President Trump signed the bill into law on July 4. What does this mean for taxpayers? Here’s what you need to know.

### Key Provisions Made Permanent or Extended:

- **Income Tax Brackets** – The seven tax brackets from the original 2017 TCJA (ranging from 10% to 37%) remain in place (earlier negotiations had considered possibly restoring a top rate of 39.6% for high earners)
- **Mortgage Interest Deduction** – Interest deductibility remains tied to its current limit of \$750,000 of mortgage debt for joint filers (\$375,000 for single filers)
- **Standard Deduction** – Made permanent (in accordance with the higher deductions afforded under TCJA); now increased for 2025 to \$15,750 for individuals (from \$15,000 previously) and \$31,500 for joint filers (from \$30,000 previously); will be indexed for inflation after 2025
- **Lifetime Gift Tax and Estate Tax Exclusions** – Permanently increased to \$15,000,000 per person, beginning in 2026; indexed for inflation after 2026
- **Qualified Business Income (QBI)** – Made permanent for QBI deduction (also known as the Section 199A deduction)
- **Qualified Opportunity Zones (QOZ)** – Made permanent, with QOZs to be redesignated every 10 years, beginning in 2026. Deferred gains for Qualified Opportunity Zone investments made after January 1, 2027 will be recognized on the earlier of five years or investment disposition; a 10% step-up in basis will occur if the investment is maintained for at least five years; no tax on the gain of the Qualified Opportunity Zone investment, if the investment is held at least 10 years
- **Incentives for Business Owners** – Deductions for research and development (R&D) expenses; 100% bonus depreciation for property assets such as factories and machinery, acquired

---

<sup>1</sup> Lathrop GPM – “Tax Update: One Big Beautiful Bill Act Signed Into Law – What Does it Mean for You? July 7, 2025

*This report is intended for the exclusive use of clients or prospective clients (the “recipient”) of Fiducient Advisors and the information contained herein is confidential and the dissemination or distribution to any other person without the prior approval of Fiducient Advisors is strictly prohibited.*

*Information has been obtained from sources believed to be reliable, though not independently verified. Any forecasts are hypothetical and represent future expectations and not actual return volatilities and correlations will differ from forecasts. This report does not represent a specific investment recommendation. The opinions and analysis expressed herein are based on Fiducient Advisor research and professional experience and are expressed as of the date of this report. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice. Past performance does not indicate future performance and there is risk of loss.*

after January 19, 2025; an allowance to apply depreciation and amortization costs to the basis of interest expenses

- **Personal Exemption(s)** – Permanently eliminated
- **Miscellaneous 2% Itemized Deductions** – Permanently eliminated

## Temporary Provisions:

- **State and Local Tax ('SALT') Deduction** – Increases to \$40,000 for 2025, with an annual adjustment of 1% for tax years 2026 through 2029; the higher SALT deduction begins to phase out for taxpayers with income above \$500,000 (although no lower than a \$10,000 deduction for high-earners); the deduction will reset to \$10,000 in 2030
- **Senior Deduction** – \$6,000 deduction for taxpayers over the age of 65; the deduction is subject to an income phaseout (\$75,000 for individuals; \$150,000 for joint filers); the senior deduction is limited to tax years 2025-2028
- **No Tax on Tips** – Deduction of up to \$25,000 for cash tips received by an individual who works in an industry which customarily receives tips; the deduction phases out with Modified Adjusted Gross Income (MAGI) of \$150,000 for single filers and \$300,000 for joint filers; this deduction is limited to tax years 2025-2028
- **No Tax on Overtime** – Deduction for qualified overtime compensation of up to \$12,500 for single filers and up to \$25,000 for joint filers; the deduction phases out with Modified Adjusted Gross Income (MAGI) of \$150,000 for single filers and \$300,000 for joint filers; this deduction is limited to tax years 2025-2028
- **Deductible Car Loan Interest** – Deduction of up to \$10,000 of loan interest for purchased vehicles whose final assembly occurred in the U.S.; the deduction is subject to income limitations: MAGI of \$100,000 or less for single filers; MAGI of \$200,000 or less for joint filers; this deduction is limited to tax years 2025-2028
- **Pilot Program for Newborns** – The bill authorizes the federal government to provide a \$1,000 contribution (seed funding) to new "Trump accounts" for children born between January 1, 2025 and December 31, 2028 (see more below, under "Trump Accounts")

## Other Notable Provisions:

- **Trump Accounts** – The bill establishes a new savings account for minor children who are U.S. citizens; parents or guardians can contribute up to \$5,000 per year (adjusted for inflation), until the child reaches age 18; withdrawals are restricted until age 18; taxation of the accounts mirrors that for Traditional IRAs: the account grows tax-deferred, with withdrawals taxed as ordinary income
- **College and University Endowment Tax** – A new tiered structure will apply on endowments' net investment income; institutions are only subject to the tax if they enroll at least 3,000 tuition-paying students, at least half of whom must reside in the U.S.

- 8% for endowments over \$2 million per student,
  - 4% for endowments between \$750,000 and \$2 million per student, and
  - 1.4% for endowments between \$500,000 and \$750,000 per student.
- **Clean Energy Tax Credits** – Largely phased out, thus unwinding certain tax credits previously created by the Inflation Reduction Act of 2022; the clean vehicle tax credit ends September 30, 2025; the tax credit for energy-efficient home improvements ends December 31, 2025

## Looking Ahead

On balance, it appears that the OBBB is expected to deliver a dose of fiscal stimulus, likely supporting near-term equity sentiment while reinforcing pro-growth business conditions. However, the bill worsens already elevated deficits with spending levels which are typically only seen during recessions. According to the Congressional Budget Office (CBO), the bill will add more than \$3 trillion dollars to deficits over the next decade. Bond markets have already reacted to this tension with long-term rates showing renewed volatility<sup>2</sup>.

As always, these policy changes are just one part of the broader investment mosaic. Our themes of [Fragility, Durability and the Age of Alpha](#) continue to frame our perspective, and our 10-year Capital Market Assumptions remain unchanged following the passage of this bill.

## About the Author



**Nicholas Breit, CFA, CFP®**  
Partner & Director of  
Financial Planning

Nick provides investment consulting services to high-net-worth investors, corporate executives, family trusts, and non-profit organizations. He services clients by providing advice and expertise on asset allocation, portfolio design, investment policy statements, manager search process and overall investment management. Nick earned a B.A. in Finance and Economics from the University of Illinois at Urbana-Champaign. He obtained the designation of Certified Financial Planner (CFP®) from the College of Financial Planning and is a CFA® charterholder and member of the CFA Society of Chicago. Nick enjoys spending time with his family, golfing, and long-distance running,

---

<sup>2</sup> NPR - The GOP's massive bill would add trillions of dollars to the country's debt. July 2, 2025