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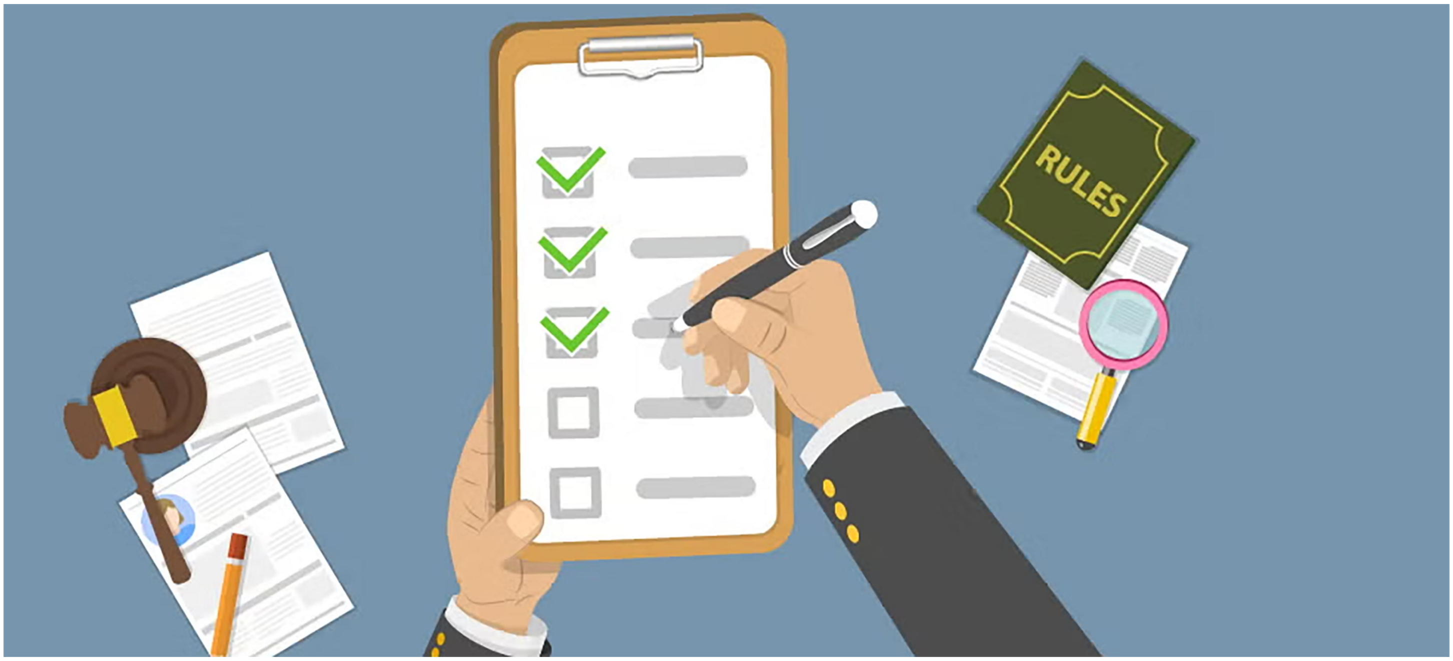

A New Tax Law Has Arrived. Here's What to Know.

You've likely seen the headlines about the "One Big Beautiful Bill" (OBBB) signed into law on July 4, 2025. It's a sweeping piece of legislation that expands many of the 2017 tax cuts. It also introduces new rules that may affect your income tax, estate tax, and investment planning for years to come. Here's a quick breakdown of what the bill could mean for your financial picture. Please note: This list is not exhaustive.

Many Temporary Tax Cuts Are Now Permanent

Several provisions from the 2017 Tax Cuts and Jobs Act (TCJA) are here to stay.

- **Federal income tax brackets** will remain where they are, permanently, with annual inflation adjustments applied to the 10 percent, 12 percent, and 22 percent tax brackets.
- The **standard deduction** increases in 2025 to $31,500 for couples filing jointly, $23,625 for heads of household, and $15,750 for single filers, all with ongoing adjustments for inflation.
- The **child tax credit** rises to $2,200 from $2,000 per child starting in 2026.
- The **mortgage interest deduction** limitation becomes permanent and generally only permits interest deductions on mortgage debt up to $750,000 (or $375,000 for married individuals filing separately).

- The **state and local tax (SALT) deduction** increases from $10,000 to $40,000, adjusted for inflation of 1 percent each year through 2029. The maximum deduction begins to phase down for households with $500,000 or more in income. This will revert to $10,000 in 2030.
- The increased **alternative minimum tax (AMT) exemption** becomes permanent. The AMT helps to ensure high earners pay a minimum annual tax amount despite deductions and credits.
- In 2026, the **estate tax exemption** increases to $15 million for individuals and will be indexed for inflation on an annual basis.
- Several business-related provisions were also made permanent, including expensing for research and development, 100 percent bonus depreciation, and the 20 percent pass-through deduction under Section 199A.

Changes for Seniors, Young Families, Students, and Tip-Earners

These are changes to keep an eye on, especially if you're a high-income filer or retiree:

- **People over 65** with income under $75,000 (or $150,000 for couples) can deduct up to $6,000 from their taxable income between 2025 and 2028. This deduction phases out completely once income meets the threshold of $175,000 per individual or $250,000 for couples.
- A new ***Trump Savings Account*** allows families with children born between 2025 and 2028 to contribute up to $5,000 a year per child, with a one-time $1,000 federal match.
- Standard repayment plans or repayment assistance plans will replace the income-contingent **repayment plan for student loans.** The law also limits Pell Grant eligibility and loan amounts for graduate and professional students.
- Workers receiving tips, as defined by the U.S. Treasury, can deduct up to $25,000 of their tipped income from their federal income taxes in 2025 through 2028. They will still have to pay payroll taxes and any applicable state income taxes.
- Similarly, overtime pay up to $12,500 for individuals or $15,000 for married couples is eligible for a federal income tax deduction from 2025 through 2028. Both the tip- and overtime-related maximum deductions begin to phase out if you make more than $150,000 per year or $300,000 for couples.

Other Tax Changes at a Glance

- Beginning in 2026, taxpayers who don't itemize will still be able to **deduct charitable donations** (up to $2,000 for couples and $1,000 for individuals). Also starting in 2026, those who itemize deductions must donate at least 0.5 percent of their adjusted gross income before charitable contributions count toward a tax deduction.

- A new individual tax credit, worth up to $1,700, will be available for **donations to approved scholarship-granting organizations**. Also starting in 2027, scholarships awarded to a dependent from these organizations won't count as taxable income.

- **Tax credits for electric vehicles will end** for cars bought after September 30, 2025. Credits for energy-efficient home upgrades and clean energy systems will also expire for anything installed after December 31, 2025.

- From 2025 through 2028, individuals earning less than $100,000 can **deduct interest payments on car loans** (up to $10,000 of the financed amount) for newly purchased vehicles made in the U.S.

What This Could Mean for You

This legislation may reshape your tax and estate strategy. While some provisions take effect in 2026, others start immediately.

This is a great moment to revisit your financial plan. Reach out to your CAPTRUST advisor to explore what these changes could mean for you—and how you might adjust your investment portfolio, estate plan, or withdrawal strategies to navigate the new tax landscape.

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