



July 18, 2025

With summer now officially here, we wanted to take a moment to wish everyone a fantastic season ahead, full of joy, relaxation, and unforgettable memories. We also wanted to give you some easy reading while you are lying on the beach or lounging on your favorite chair by the pool.

On July 4th, President Trump signed the “One Big Beautiful Bill Act” into law, enacting sweeping legislation that makes changes to everything from the debt ceiling to Medicaid to immigration to taxes.¹

The new law is one of the most fiercely debated in recent memory, as politicians on both sides of the aisle argue about what it will mean for the economy, our national debt, and more.

It also has many of our clients asking what it all means for them.

To help you understand the BBB and how it may affect your finances, we’ve written this special letter. Now, we’re not politicians. So, in this message, we’re going to stay away from some of the more controversial aspects of the law and focus solely on the provisions that may have an impact on our financial planning.

As you’ve probably guessed, we’ve sent the following information to all our clients. While some of it may not apply to you, it could apply to members of your family. If so, feel free to share this letter with them!

There’s a lot to unpack here, so please take a few minutes to read through these changes. Most are fairly easy to understand, but if you have any questions or concerns, let us know. Remember, our team is here to help provide financial clarity. In our experience, that’s one of the most important things any person can have.

In the meantime, we hope you had a great Independence Day. Enjoy the rest of your summer!

Sincerely yours,

John Whitehead
Founder & Managing Principal

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Important Provisions of the One Big Beautiful Bill Act

CHANGES TO TAX DEDUCTIONS AND EXEMPTIONS¹

During President Trump's first term, Congress passed the Tax Cuts and Jobs Act, which made major changes to the tax code. Many of those changes were set to expire at the end of this year, but the BBB has made them permanent. That means all current tax rates and brackets will continue for the foreseeable future.

In addition, several tax deductions are set to increase under the BBB. For example, the standard deduction has been raised from \$15,000 to \$15,750 for single individuals, and from \$30,000 to \$31,500 for married couples filing jointly. Future increases will be indexed to inflation.

For those who choose to itemize their tax deductions, the BBB also increases the state and local tax (SALT) deduction limit from \$10,000 to \$40,000. This deduction will increase by 1% each year until 2030, when the cap reverts back to \$10,000. Note that the SALT deduction begins to phase out for taxpayers earning \$500,000 or more in annual income.

There is one other deduction we need to talk about, but I'll save it for another section below.

Finally, the exemption on estate and gift taxes is also being raised to \$15 million (up from \$13.99 million) for singles and \$30 million (up from \$27.98 million) for married couples.

CHANGES TO TAX CREDITS¹

The BBB also makes some important changes to several types of tax credits — raising one while eliminating others.

First up is the child tax credit. The current level of \$2,000 was set to expire by year's end but has now been permanently increased to \$2,200. (The original House version of the bill would have raised the credit to \$2,500, so if you see that number anywhere, know that it's out of date.)

On the other hand, the BBB nixes many of the "green" tax credits that consumers have grown used to in recent years. That includes credits for buying new and used electric vehicles or installing energy efficient heating and cooling systems, including rooftop solar panels. The EV credits end on September 30, 2025, while the latter ends after December 31. So, if you were considering "going green" in any way this year, it might be best to do it sooner rather than later!

CHANGES THAT COULD (POTENTIALLY) AFFECT SOCIAL SECURITY TAXES¹

The following information could technically have been covered in the "Changes to Tax Deductions" section, but as it's possibly the trickiest provision we're going to address, we decided it should stand alone.

According to multiple media reports, shortly after President Trump signed the BBB into law, many of those who receive Social Security benefits received an email from the Social Security

Administration.² The email stated that the BBB would “eliminate federal income taxes on Social Security benefits for most beneficiaries.”² You may have also seen this claim floating around on social media.

As Social Security is such a key part of retirement planning, it’s important to clarify that this is not entirely accurate. The BBB makes no direct changes to taxes on Social Security benefits.

Instead, the law creates a new type of temporary tax deduction specifically for seniors. Individuals aged 65 and older can now claim a \$6,000 deduction if their annual income is \$75,000 or less. Married couples filing jointly may claim up to \$12,000 so long as their combined income is \$150,000 or less. This deduction phases out above these limits, ending at \$175,000 for individuals and \$250,000 for couples.

What does this all have to do with Social Security? Well, when coupled with other types of deductions, this provision can reduce taxable income for many retirees and pre-retirees. Given that Social Security taxes are dependent on a person’s annual income, some retirees who take this deduction may find that, as a result, they no longer owe taxes on their benefits.

If you are collecting Social Security, plan to start in the near future, or know somebody who is, keep in mind that it takes some careful number crunching to determine whether this new deduction will impact taxes on your benefits. Please let us know if you have any questions.

Finally, bear in mind this new deduction isn’t permanent — it’s slated to expire after 2028.

CHILD SAVINGS ACCOUNTS¹

For those planning to welcome a child or grandchild into the family over the next few years, the BBB contains a nifty provision: A new type of tax-advantaged savings account specifically for children born in 2025 through 2028.

When opening the account, the government will make a one-time deposit of \$1,000. Parents and relatives can each contribute up to \$5,000 a year, and employers can also kick in \$2,500. Any earnings are tax-deferred until the child reaches 18; however, withdrawals will be taxed as longterm capital gains.

These types of accounts can be a handy way to help children save for the future, including higher education. However, there are lots of rules regarding these accounts, and they may not always be the best option compared to other alternatives. For these reasons, let’s chat before you or your family decide to open one!

CONCLUSION

As you can see, the BBB comes with many changes that could have an impact on our financial planning. Of course, our team will continue poring over these provisions. If there is anything else we feel you need to know, we’ll reach out or go over them with you during our next review. In the meantime, don’t hesitate to contact us with questions!

Sources

1

Text of “ONE BIG BEAUTIFUL BILL ACT,” Congress.gov, <https://www.congress.gov/bill/119th-congress/house-bill/1/text>

2

“Social Security Email About ‘Big Beautiful Bill’ Tax Changes Sparks Confusion,” Kiplinger, July 7, 2025.
<https://www.kiplinger.com/taxes/social-security-email-on-big-beautiful-bill-tax-changes-sparks-confusion>

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