

Highlights from the “Big Beautiful Bill”

Key Tax Provisions and Planning Implications

Kevin Hansen, CFP®, CRPC®

Director - Knowledge Hub

Kevin Hansen is not affiliated with Cetera.

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Individual Income Tax Updates

- ▶ Permanent extension of current income tax brackets
- ▶ Long-term capital gains and qualified dividend tax rates remain unchanged
- ▶ Standard deduction permanently extended (slight increase starting 2025)
- ▶ Temporary exclusion of tips and overtime income (sunsets after 2028; income phaseout at \$150k/\$300k)
- ▶ Extra \$6,000 deduction for seniors with income <\$75k/\$150k (sunsets after 2028)

Changes to Deductions and Credits

- ▶ SALT deduction cap increased to \$40,000 (2025) from \$10,000 previously, phased out above \$500k income
- ▶ Cap increases to \$40,400 in 2026 and beyond
- ▶ No changes to municipal bond tax treatment, including private activity bonds
- ▶ Rollback of Biden-era clean energy tax credits (e.g., EV incentives)

Estate Planning and Investment Incentives

- ▶ Lifetime gift/estate exclusion increased to \$15M per person in 2026 (indexed for inflation, permanent)
- ▶ Qualified Opportunity Zones made permanent beginning 2027
- ▶ New 'Trump Accounts' for minors: tax-favored accounts for education, home purchase, or starting a business

What This Means for Clients

- ▶ Opportunity for estate planning updates in 2026
- ▶ Potential benefit from SALT deduction increase (esp. high-tax states)
- ▶ Temporary opportunities (tips/overtime, senior deduction) may call for timing income
- ▶ Monitor Qualified Opportunity Zones and new Trump Accounts for tax-efficient investment options
- ▶ Clients near income phaseouts (\$150k/\$300k or \$500k) should evaluate impact for tax on tips/SALT deduction.