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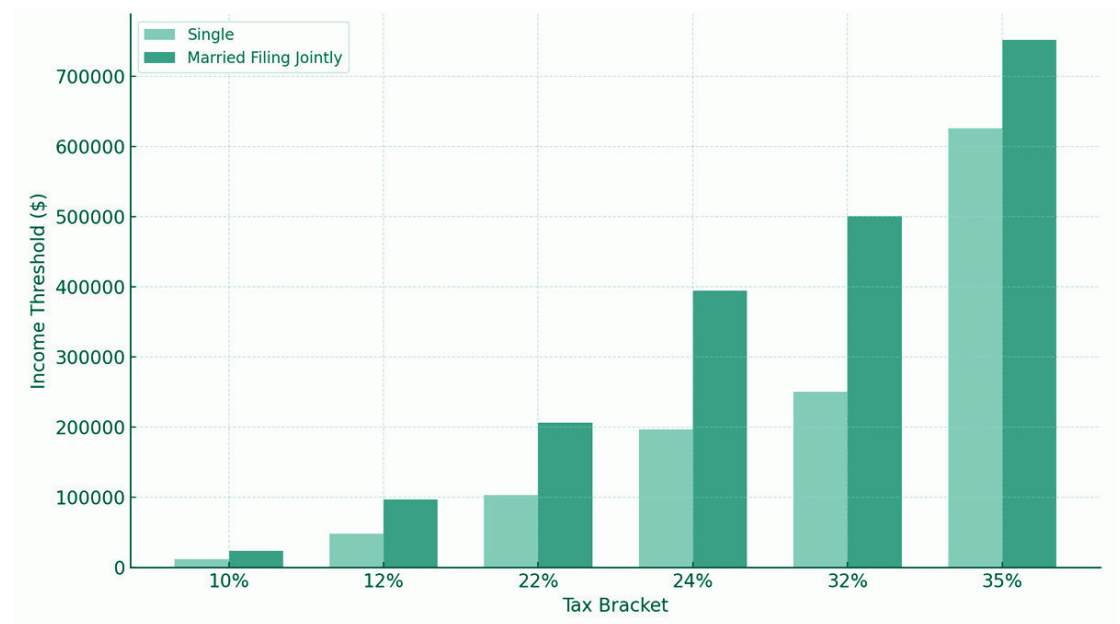
The Strength of Advice®

WHAT THE 2025 OBBB MEANS FOR YOUR LEGACY AND WEALTH STRATEGY

Key updates and planning insights for high-net-worth families

Signed into law on July 4, 2025, the 2025 OBBB delivers sweeping updates across individual, estate, and business taxation. Some provisions are permanent, while others have firm expiration dates that should guide forward-looking planning. Below is a summary of some key provisions, expiration timelines, and strategic implications.

2025 Federal Income Tax Brackets



These rates are now permanent and indexed annually for inflation.

Section 199A – Qualified Business Income Deduction

What changed: The 20% deduction for qualified business income (QBI) has been extended through 2032. However, phaseouts for Specified Service Trades or Businesses (SSTBs) now begin at \$600,000 AGI for joint filers (up from ~\$364,200 under prior law). Indexed for inflation.

Planning Tip: *If you're in a phased-out SSTB (e.g., medical, law, consulting), consider income deferral, entity restructuring, or defined benefit plans to manage AGI.*



Estate & Gift Tax Exemption Increased

What changed: The federal exemption increased to \$15 million per person (permanent) and will be indexed to inflation starting in 2026.

Planning Tip: Use enhanced exemptions to make substantial lifetime gifts or establish grantor trusts.

SALT Deduction Cap Raised

What changed: Deduction cap raised to \$40,000 through 2029, phased out for AGI above \$500,000 (single) / \$1M (MFJ). In 2026 the cap is scheduled to increase to \$40,400, and then by an additional 1% in 2027, 2028, and 2029 respectively. Reverts to \$10,000 in 2030.

Planning Tip: Explore entity-level state tax strategies while the expanded cap is in place.

AMT Exemption Permanently Increased

What changed: Exemptions made permanent (\$88,100 single / \$137,000 joint in 2025, indexed).

Planning Tip: Use tax projections to revisit ISO strategies or private investment opportunities.

Charitable Giving Changes

What changed: Beginning December 31, 2025, a 0.5% AGI floor applies to charitable deductions. The 60% AGI limit for cash gifts is now permanent.

Planning Tip: Consider accelerating major gifts into 2025 to capture full deductibility before the floor takes effect in 2026.

QSBS (Qualified Small Business Stock)

What changed: Section 1202 exclusion cap raised from \$10M to \$15M for eligible stock acquired after enactment (permanent).

Planning Tip: If you're investing in startups, QSBS eligibility could now shield more gain from capital gains tax.



100% Bonus Depreciation Reinstated

What changed: Full expensing for eligible assets placed in service after January 19, 2025 (permanent).

Planning Tip: Consider accelerating purchases of eligible property to optimize tax efficiency.

R&D Expensing (Section 174)

What changed: Allows full expensing of domestic R&D costs, improving cash flow (permanent).

Planning Tip: Evaluate how to maximize deductions for research-heavy investments.



Energy Tax Credits

What changed: Phases out December 31, 2025. Includes many clean energy and efficiency credits.

Planning Tip: Fast-track ESG-aligned investments to ensure eligibility before the sunset.

FINAL THOUGHTS

This bill opens up both long-term opportunities and short-term deadlines. Now is the time to:

1. Reassess your estate plan to lock in use of the \$15M exemption.
2. Coordinate tax strategies across income, gifting, philanthropy, and business structures.
3. Act before year-end 2025 to take advantage of pre floor charitable deductibility and final-year clean energy incentives.

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