

KEY PROVISIONS AND TIMEFRAMES OF THE “ONE BIG BEAUTIFUL BILL ACT”

On July 4th, 2025, President Trump signed into law the “One Big Beautiful Bill Act (OBBA)” which largely makes permanent the 2017 tax cuts that were set to expire at the end of 2025. There have also been several key additional tax provisions that carry with them notable planning implications and varying effective dates.

Effective Date(s)

- Permanent Provisions effective in 2025
- Permanent Provisions effective beginning in 2026
- Temporary Provisions effective beginning in 2025 and ending in 2028
- Temporary Provisions effective beginning in 2025 and ending in 2029
- ▲ Expiring Provisions

INDIVIDUAL TAXPAYER PROVISIONS					
Provision	Details	Eff Date(s)	Income Limits and Phase Outs	Who's Impacted	Planning Opportunities and Considerations
Federal Income Tax Rates	Tax rates and brackets established by the 2017 The Tax Cuts and Jobs Act (TCJA) have been made <i>permanent</i> : 10%, 12%, 22%, 24%, 32%, 35%, and 37% Annual cost of living adjustment (COLA) applies to tax brackets	●	N/A	All Taxpayers	Greater clarity on multiyear income tax planning Lesser incentive to accelerate income to prior to 2026
Federal Estate and Gift Tax Exemption	<i>Permanently</i> increased to \$15M per person starting in 2026 (annual COLA) 2025 Exemption remains at \$13.99M per person	○	N/A	Taxpayers with taxable estates of \$7M per person 2026 exemption was set to decrease to ~\$7M per person	Reduction in the number of taxable estates Greater opportunities for lifetime gifting Lesser incentive to accelerate gifting to prior to 2026
State and Local Tax Deduction (SALT)	Deduction cap <i>temporarily</i> increases to \$40,000 1% annual increase on cap from 2025-2029 Deduction cap reverts to \$10,000 beginning in 2030	□	Modified adjusted gross income (MAGI): \$250,000-\$350,000 (S) \$500,000-\$600,000 (MFJ) \$40,000 cap is reduced by 30% of any MAGI exceeding limit (i.e., \$550,000 MAGI for MFJ reduces SALT cap to \$25,000)	Taxpayers that itemize their deductions Taxpayers in States with high income tax rates	Consider accelerating income into 2025-2029 tax years Careful income planning for taxpayers nearing \$250,000/\$500,000 MAGI

Provision	Details	Eff Date(s)	Income Limits and Phase Outs	Who's Impacted	Planning Opportunities and Considerations
Standard Deduction	<i>Permanently</i> increased to \$15,750 (S); \$31,500 (MFJ) (annual COLA) Additional deduction amounts for age 65+ and/or blind taxpayers are unchanged	●	None	All taxpayers claiming the Standard Deduction ("Non-Itemizers")	Permanently higher threshold to itemize deductions Standard Deduction was set to decline to previous, lower levels starting in 2026
Bonus Deduction for Seniors	<i>Temporary</i> additional \$6,000 per person deduction for taxpayers age 65+ This is a bonus deduction that is in addition to the taxpayer's standard deduction(s) or itemized deductions	■	MAGI: \$75,000-\$175,000 (S) \$150,000-\$250,000 (MFJ) \$6,000 per person deduction is reduced by 6% for each \$1 of MAGI exceeding limit (i.e., \$200,000 MAGI for MFJ reduces deduction to \$4,500 per person)	Taxpayers age 65+ on 12/31/2025-12/31/2028 Applies to taxpayers that claim the standard deduction or itemize their deductions	Consider accelerating income for seniors into 2025-2028 tax years Careful income planning for senior taxpayers nearing \$75,000/\$150,000 MAGI
Charitable Deduction for Non-Itemizers	<i>Permanent</i> below-the-line up to \$1,000 (S); \$2,000 (MFJ) of charitable contributions (no COLA)	○	N/A	Charitably inclined taxpayers claiming the Standard Deduction ("Non-Itemizers")	New financial incentive for non-itemizers to complete charitable giving
Charitable Deduction for Itemizers	<i>Permanent</i> 0.5% AGI floor for charitable deductions Only charitable contributions that exceed 0.5% of AGI qualify as an itemized deductions	○	N/A	Charitably inclined taxpayers itemizing their deductions ("Itemizers")	New AGI floor to account for in charitable planning Broader need to bunch charitable contributions to exceed AGI floor Potentially accelerate charitable contributions into 2025 if 0.5% AGI floor will not be met in 2026
Deduction for Auto Loan Interest	<i>Temporary</i> below-the-line deduction up to \$10,000 for auto loan interest on US-made vehicles	■	MAGI: \$100,000-\$150,000 (S) \$200,000-\$250,000 (MFJ) \$10,000 maximum deduction is reduced by \$2,000 for each \$10,000 of MAGI exceeding limit (i.e., \$220,000 MAGI for MFJ reduces max deduction to \$6,000)	Purchasers of US-made vehicles who financed and purchased after 1/1/2025 Specific list of eligible vehicles will be defined by IRS at a later date	Consider the timing of financed purchases of US-made vehicles Careful income planning for certain taxpayers nearing \$100,000/\$200,000 MAGI
Child Tax Credit	<i>Permanently</i> increased to \$2,200 per child (annual COLA) <i>Permanently</i> makes portion of credit refundable: \$1,700 for 2025	●	MAGI: \$200,000-\$244,000 (S) \$400,000-\$444,000 (MFJ) \$2,200 credit is reduced by \$50 for each \$1,000 of MAGI exceeding limit (i.e., \$420,000 MAGI for MFJ reduces credit to \$1,800)	Parents of children under age 17	Careful income planning for parent-taxpayers nearing \$200,000/\$400,000 MAGI

BUSINESS OWNER TAX PROVISIONS

Provision	Details	Eff Date(s)	Income Limits and Phase Outs	Who's Impacted	Planning Opportunities and Considerations
Deduction for Qualified Business Income (QBI) "Section 199A Deduction"	Makes the deduction <i>permanent</i> at 20% of QBI <i>Permanently</i> increased "small business" asset threshold at stock issuance to \$75M (applies only to stock issued after 7/4/2025) <i>Permanently</i> introduced a new tiered gain exclusion structure: 50% exclusion for QSBS held for at least three years . 75% exclusion for QSBS held for four years . 100% exclusion for QSBS held for five years (applies only to stock issued after 7/4/2025) <i>Permanently</i> increases gain exclusion cap to the greater of: \$15M per taxpayer or 10x stock basis (applies only to stock issued after 7/4/2025)		Taxable Income: \$197,300-\$247,300 (S) \$394,600-\$494,600 (MFJ) The phase out and/or elimination of the deduction varies based on if the business qualifies as a Specified Service Trade or Business	Qualifying owners of Sole Proprietorships, Partnerships, S-Corps	Entity structure planning Careful income planning for business owner taxpayers nearing \$197,300/\$394,600 taxable income
Expansion of Qualified Small Business Stock (QSBS) Gain Exclusion "Section 1202 Stock"	<i>Permanently</i> increases gain exclusion cap to the greater of: \$15M per taxpayer or 10x stock basis (applies only to stock issued after 7/4/2025)		Stock issuance before 7/4/2025: <\$50M asset level, 5-year holding period requirement, exclusion cap of \$10M per taxpayer or 10x basis Stock issuance after 7/4/2025: <\$75M asset level, tiered exclusion holding period (3-5 yrs), exclusion cap of \$15M per taxpayer or 10x basis	Owners of Section 1202 Stock (QSBS)	Entity structure planning Broader eligibility for gain exclusion Greater flexibility in the timing of utilizing the gain exclusion
Deduction for Tips	<i>Temporary</i> additional \$25,000 below-the-line deduction for tip income Federal income tax deduction only; State income tax and Federal Insurance Contributions Act (FICA) taxes still apply		MAGI: \$150,000-\$400,000 (S) \$300,000-\$550,000 (MFJ) \$25,000 deduction is reduced by \$100 for each \$1,000 of MAGI exceeding limit (i.e., \$400,000 MAGI for MFJ reduces deduction to \$15,000)	Service workers Specific list of eligible workers will be defined by IRS at a later date	Employee compensation planning Employer payroll reporting requirements Careful income planning for service worker-taxpayers nearing \$150,000/\$300,000 MAGI
Deduction for Overtime	<i>Temporary</i> \$12,500 below-the-line deduction for overtime income Federal income tax deduction only; State income tax and FICA taxes still apply		MAGI: \$150,000-\$275,000 (S) \$300,000-\$425,000 (MFJ) \$12,500 deduction is reduced by \$100 for each \$1,000 of MAGI exceeding limit (i.e., \$350,000 MAGI for MFJ reduces deduction to \$7,500)	Hourly workers and some salaried workers Specific list of eligible workers will be defined by IRS at a later date	Employee compensation planning Employer payroll reporting requirements Careful income planning for employed taxpayers nearing \$150,000/ \$300,000 MAGI

OTHER PROVISIONS

Provision	Details	Eff Date(s)	Income Limits and Phase Outs	Who's Impacted	Planning Opportunities and Considerations
Expansion of Qualified Expenses for 529 Plans	<i>Permanently expands K-12 qualifying expenses to include: curriculum materials, textbooks, instructional materials, online educational materials, standardized testing fees and tutoring costs outside of the home</i> <i>Permanently includes select post-secondary credentials expenses as qualified educational expenses</i>		N/A	529 Plan Owners with K-12 students and/or Post-Secondary educational expenses	Broader use and application of 529 Plan assets Individual states still may determine that K-12 and Post-Secondary credential expenses are not qualified educational expenses
Increased 529 Withdrawal Limit for K-12 Expenses	<i>Permanently increases qualifying K-12 withdrawal limit to \$20,000 per year starting in 2026</i> <i>K-12 withdrawal limit remains \$10,000 for 2025</i>		N/A	529 Plan Owners with K-12 students	Broader use and application of 529 Plan assets Individual states still may determine that K-12 and Post-Secondary credential expenses are not qualified educational expenses
Creation of New Tax-Preferred Savings Accounts "Trump Accounts"	<i>Permanently establishes new tax-advantaged savings vehicles (tax-deferred growth and income)</i> <i>Maximum contribution of \$5,000 per year for the benefit of individuals under age 18, starting in 2026 (contributions can only occur while the beneficiary is under age 18 and beginning in 2026)</i> <i>Distributions are permitted only in years that the beneficiary is age 18+</i>		N/A	Parents of and children under age 18	Additional tax-deferred savings vehicles for the benefit of minors that does not require the beneficiary to have earned income (like a custodial IRA would) <i>nor require</i> the funds to be used for qualifying educational expenses (like a 529 Plan would)
Pilot Funding of New Tax-Preferred Savings Accounts "Trump Accounts"	<i>All children born between 1/1/2025 and 12/31/2028 will be eligible for a \$1,000 seed investment from the U.S. Treasury</i>		N/A	Parents of and children born between 1/1/2025-12/31/2028	Proactive election required to receive seed investment

Provision	Details	Eff Date(s)	Income Limits and Phase Outs	Who's Impacted	Planning Opportunities and Considerations
Credit for Electric Vehicles (EVs)	\$7,500 credit (qualifying new cars) \$4,000 credit (qualifying used cars)	▲	MAGI: New Cars: \$150,000 (S); \$300,000 (MFJ) Used Cars: \$75,000 (S); \$150,000 (MFJ) There is no phase out of the credit, only a complete elimination once the MAGI limit is reached	Purchasers of EVs	Purchase EVs prior to September 30, 2025
Credit for Energy Efficient Home Improvements	30% credit on qualifying costs for energy efficient home improvements Maximum credit varies by type of improvement costs ranging from \$150-\$2,000 maximum credit	▲	N/A	Homeowners with energy efficient improvement costs	Complete improvements prior to December 31, 2025
Credit for Residential Clean Energy Property	30% credit on qualifying costs for renewable energy property	▲	N/A	Homeowners with renewable energy sources (solar panels, solar water heaters, wind turbines, battery storage technology, etc.)	Complete installation and make operational prior to December 31, 2025
Credit for Alternative Fuel Vehicle Refueling Property	30% credit on qualifying costs for refueling or recharging property in eligible locations. Maximum of \$1,000 credit per item Eligible locations include low-income community census tract or non-urban census tract	▲	N/A	Eligible homeowners installing vehicle refueling/charging stations	Complete installation and make operational prior to June 30, 2026

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