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## What the new OBBB tax law means for you — and how to make the most of 2025 and beyond

by Matt Doran, Leader of Advanced Planning, &Partners

*After months of speculation, Washington finally delivered. A sweeping new tax package — the One Big Beautiful Bill (OBBB) — became law this summer, bringing with it a mix of permanence, opportunity, and complexity.*

We want to help you cut through the noise and focus on what matters. What does this new law mean for you and your family? What should you be thinking about now, before certain provisions take effect in 2026? And how might your tax strategy evolve going forward?

### Prioritize planning in 2025

With just a few weeks left in the year, 2025 still presents meaningful opportunities to act. It's our chance to take full advantage of the current rules and opportunities created by the new law — and to position ourselves thoughtfully for the changes coming in 2026.

Here's what we're encouraging our clients to focus on:

1. **Charitable giving:** Consider accelerating gifts for the 2025 tax year to help maximize deductibility before new AGI-based hurdles apply in 2026
2. **Estate and wealth transfer:** With clarity around the estate tax exemption, revisit plans to make the most of lifetime gifting and annual exclusions
3. **Senior tax benefits:** Leverage a new, temporary deduction available to taxpayers age 65-plus, which phases out at higher incomes
4. **Business strategy:** Take advantage of powerful new provisions to help optimize income and improve after-tax cash flow
5. **Income timing and AGI management:** Many deductions and credits hinge on your adjusted gross income (AGI), so plan strategically to stay under key thresholds and unlock tax-efficient moves

Let's take a closer look at each of these opportunities. But first, let's appreciate what the OBBB has given us at this moment in time.

## A rare gift: Tax law stability

For once, we have clarity on the tax front — at least for now.

While no tax law is truly permanent, the OBBB locks in several provisions that had been scheduled to sunset, including:

- Current income tax brackets
- Higher standard deduction
- Lifetime estate and gift tax exemption

This stability gives taxpayers and advisors more visibility for long-term planning. It eases the urgency that often arises when complex strategies must be implemented against a hard deadline.

One of the biggest wins could be described as “winning by not losing.” Preserving today’s tax brackets doesn’t just mean marginal rates stay the same — it also means the brackets themselves stay wider. Without this change, tax brackets would have reverted to their pre-Tax Cuts and Jobs Act structure in 2026, pulling more income into higher tax brackets sooner.

This change alone creates valuable planning opportunities. By maintaining the broader bracket widths, more of your income continues to be taxed at lower rates before climbing to the next level. For example, individuals with large pretax retirement balances may find that these broader, sustained tax brackets make it more attractive to spread Roth conversions over multiple years — converting just enough each year to stay in a lower bracket. This approach can improve long-term tax efficiency while preserving future flexibility.

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## Five areas to focus on now

### 1. Charitable giving: Maximize impact before new limits hit

One of the biggest changes coming in 2026 affects charitable deductions. If you itemize, you’ll now need to exceed a new hurdle — 0.5% of your AGI — before any charitable gifts become deductible. That’s a new wrinkle. For example, someone with \$400,000 of AGI would see their first \$2,000 of giving go uncovered.

That makes 2025 a key year to give more strategically. If you're already planning to give, this is a compelling reason to consider accelerating 2026 giving into 2025.

And there's more:

- For those who typically take the standard deduction, a new charitable deduction of \$1,000 (single) or \$2,000 (joint) will be available in 2026 even for those taking the standard deduction — but only for cash gifts to public charities (not donor-advised funds). It's a modest benefit but meaningful. It can help those who use a bunching strategy — giving larger amounts every other year to maximize itemized deductions — find ways to make some charitable contributions in the years between.
- Qualified charitable distributions (QCDs) from IRAs remain a smart strategy for those 70½ and older. These gifts aren't deductible, but they don't count toward AGI, which helps preserve eligibility for other deductions and credits.

## **2. Estate and wealth transfer: Rethink your strategy**

With the lifetime estate and gift tax exemption confirmed at just under \$14 million per individual and indexed for inflation, you now have the clarity to plan more thoughtfully and strategically without fearing that the exemption will be cut in half at year-end.

If you anticipate exceeding the exemption, lifetime gifting remains a powerful strategy. Gifts made today not only remove assets from your taxable estate but also shift future appreciation out of the estate. In the case of closely held businesses, discounted valuations may further enhance the leverage of those gifts.

But even for families below the threshold, the annual gift tax exclusion — now \$19,000 per donor, per recipient, per year — is a simple and effective way to transfer wealth.

Consider this: a married couple with three adult children, who are all married. The husband and wife could each give \$19,000 to all three children as well as their spouses, for a total of \$228,000 in one year — without touching their lifetime exemption.

That kind of gifting, done consistently, can help shift wealth to others over time, meaningfully reduce estate size, and let you enjoy the impact of your generosity.

### 3. Senior tax benefits: A double deduction

The OBBB introduces a new, temporary tax deduction of up to \$6,000 per eligible taxpayer age 65 and older, available from 2025 through 2028.

This deduction applies whether you itemize or take the standard deduction, and it stacks with the already-expanded standard deduction for seniors. But it begins to phase out once modified adjusted gross income (MAGI) exceeds certain thresholds:

- Single or head of household: Begins phasing out at \$75,000 MAGI and is fully phased out at \$175,000
- Married filing jointly: Begins at \$150,000; fully phased out at \$250,000

When paired with the expanded standard deduction, the impact can be meaningful. A married couple, both age 65 or older, could claim a combined total deduction of \$46,700. Reducing taxable income by this amount could create or help enhance other planning opportunities — such as completing Roth conversions at lower tax rates or harvesting capital gains while staying within the 0% bracket.

Because tax opportunities can appear and disappear each year, it's important to weigh the trade-offs that accompany every decision. With temporary provisions like this one, taking a close, thoughtful look at your options becomes even more essential.

### 4. Business strategy: Use every tool in the belt

The OBBB includes several meaningful opportunities for business owners and entrepreneurs.

- **Qualified business income deduction**  
One of the most powerful tools in the tax code, the 20% qualified business income deduction has always been a foundational benefit for many S corporations, partnerships, and sole proprietors — and now it's permanent for eligible pass-through entities. Although it remains subject to income limits and industry restrictions, when structured properly, it's a cornerstone of efficient tax planning.
- **Enhanced Section 179 and bonus depreciation**  
Cost-recovery rules have also improved. With expanded expensing provisions under Section 179 and the restoration of 100% bonus depreciation under Section 168, many businesses can now fully deduct qualifying purchases in the year they are acquired. For businesses investing in equipment or infrastructure, this improves cash flow and may create windows of low income or losses — ideal timing for moves like Roth conversions.

- **SALT workarounds via PTET elections**

For those in high-tax states, a higher state and local tax (SALT) cap provides added deductibility — as long as taxpayers can manage their AGI to stay below phaseout ranges.

Plus, in many states, business owners can unlock added tax efficiency by electing to pay state income taxes at the entity level — potentially increasing deductibility, lowering personal AGI, and sidestepping the \$40,000 SALT deduction cap. These pass-through entity tax (PTET) elections are evolving and can be complex, but for owners in high-tax states, they represent a compelling opportunity that shouldn't be overlooked.

## 5. Income timing and AGI management: The new battleground

Across the board, more tax strategies are tied to AGI than ever before. Examples include:

- The new senior deduction phases out based on AGI
- Charitable deductibility now includes an AGI-based floor
- SALT deduction limitations and other benefits hinge on where your AGI falls

Because so many benefits phase out gradually, rather than at clear bracket thresholds, careful timing of income becomes critical. That might mean managing capital gains, delaying certain distributions, or planning Roth conversions strategically. We often describe this as building “tax alpha” — wringing more value out of the tax code, not by making risky moves, but by making intentional ones.

## Looking ahead

While many elements of the OBBB are permanent, others are not. Some benefits will shrink in 2026 or come with new conditions. But by planning now — while we still have clarity — you can make full use of what's available in 2025 and position your finances for flexibility, efficiency, and long-term strength.

That might mean:

- Accelerating charitable gifts
- Making large wealth transfer gifts while exemptions remain high
- Modeling business deductions against future investment
- Leveraging deductions before income rises

As always, we're here to walk you through the details, run the numbers, and help you make confident decisions. Tax law may not be scintillating — but the outcomes it enables certainly can be.

Let's make 2025 count.



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