



ONE BIG
Beautiful
BILL



UNDERSTANDING THE LAW. IDENTIFYING THE WINDOW. TAKING ACTION.



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How the One Big Beautiful Bill Could Reshape Your Retirement

On July 4, 2025, a major piece of tax legislation was signed into law: the One Big Beautiful Bill (OBBBA). This act permanently extends key parts of the 2017 Tax Cuts and Jobs Act (TCJA) and introduces new tax provisions with direct implications for retirees and pre-retirees. If you're already in retirement or preparing for it, understanding how these changes affect you is essential.

This bill introduces planning considerations alongside legislative risks. While some changes are favorable, many have sunset dates or may be reversed in future political cycles. Thoughtful planning now may help you navigate today's tax landscape and prepare for potential future changes.

Why This Matters Now

Retirement planning is no longer just about investment returns. It's about optimizing income, minimizing taxes, and protecting assets from legislative risk. The OBBBA created a temporary period that may allow for certain planning strategies to be explored.

The Five Retirement Risks This Bill Impacts:

- **Tax Risk** – Future tax increases could erode your income
- **Legislative Risk** – Laws change, and the rules can shift quickly
- **Inflation Risk** – Fewer energy credits and broader spending may drive cost increases
- **Longevity Risk** – A longer retirement means more time for risks to compound
- **Market Volatility** – Tax law affects how investment income is taxed and accessed

Key Provisions Retirees Should Understand

1. Income & Deduction Changes

- **Permanent Lower Tax Brackets:** The 10%, 12%, 22%, 24%, 32%, 35%, and 37% brackets remain in place
- **Higher Standard Deduction:** Now \$15,750 for individuals and \$31,500 for couples filing jointly
- **Senior Deduction Bonus:** \$6,000 extra deduction for those 65+ (2025–2028)
- **Charitable Deduction for Non-Itemizers:** Up to \$1,000 (\$2,000 for joint) starting in 2026

- **Increased SALT Deduction Cap:** Temporarily raised to \$40,000 through 2029 for taxpayers earning under \$500,000

2. Estate & Gifting Opportunities

- **Estate Tax Exemption Increase:** Starting 2026, individuals may exclude \$15M and couples \$30M from estate taxes
- **Window for Strategic Gifting:** The increased exemptions are currently scheduled to remain in effect until 2026 but could change with future legislation.

3. Investment & Business Planning Updates

- **QSBS Expansion:** Capital gains exclusions phased in over 3–5 years for stock acquired after July 4, 2025
- **Qualified Opportunity Zones (QOZ):** New zones in 2027; rural zones offer up to 30% capital gains tax reduction
- **20% Pass-Through Deduction:** Now permanent for eligible business owners
- **"Trump Accounts":** New tax-deferred savings accounts for children born between 2024–2029; may be used for education or housing pre-retirement

Pro Tip for Retirees

If these topics haven't come up in your recent planning conversations, it may be worth discussing them with a financial advisor.



What This Looks Like in Action

Case Study: A Strategic Window to Convert and Give

John and Susan, both age 67, had \$1.2 million in traditional IRAs and were concerned about future tax increases and Required Minimum Distributions (RMDs). In 2025, working with their financial professional, they took two key actions:

1. They converted \$150,000 to Roth IRAs

- Why now? OBBBA made the lower tax brackets permanent (for now) and added a \$6,000 deduction for seniors, which helped offset their tax bill from the conversion.
- Why it matters: This helped reduce future RMD exposure and may result in tax-free income later in retirement, depending on future tax law.

2. They gifted \$800,000 to their family

- Why now? The estate tax exemption increases to \$15M per person in 2026 but could be repealed in future years. Their advisor helped them move assets out of their estate while the window was open, this may reduce the size of their taxable estate, depending on future exemption levels and how the laws evolve.

The Result:

- John and Susan actions were intended to help manage their long-term tax exposure.
- Gained tax-free growth and income from their Roth accounts.
- Protected their family's inheritance from future estate tax changes.
- Took advantage of legislation while it was favorable before it potentially changes again in the 2026 election cycle.

What You Should Be Asking

- Am I paying more taxes than I need to right now?
- Have I evaluated Roth conversions under the new rules?
- Have I considered using the higher estate exemption before it sunsets?
- Is my income plan flexible enough to adjust to legislative change?

Take the Next Step

Let's work together to review your current plan and identify areas for improvement.

SOURCES:

PAGE 2:

<https://www.irs.gov/newsroom/one-big-beautiful-bill-provisions>, Accessed September 29th 2025.

PAGE 3:

<https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors>, Accessed September 29th 2025.

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Please review your retirement savings, tax, and legacy planning strategies with your legal/tax advisor to be sure a Roth IRA conversion fits into your planning strategies.