

# THE BIG BEAUTIFUL BILL:

## RETIREMENT, TAX, AND INVESTMENT CONSIDERATIONS



The “Big Beautiful Bill” is a sweeping legislative proposal designed to make permanent the key provisions of the 2017 Tax Cuts and Jobs Act (TCJA). Framed as an “America First” initiative, the bill aims to enhance U.S. economic competitiveness, stimulate domestic business development, and address long-standing trade imbalances through targeted tariffs. While it brings a number of substantial tax and investment benefits, it also raises important considerations around fiscal sustainability and long-term policy implications.

### TAX IMPLICATIONS

- **Permanency of 2017 Tax Cuts:** The individual and corporate tax rate reductions enacted under the TCJA will be made permanent.
- **Lifetime Estate and Gift Tax Exemption:** The individual exemption of \$15 million (indexed for inflation) will be retained and permanently portable between spouses.
- **Standard Deduction:** The increased standard deduction levels introduced in 2017—\$15,750 for individuals and \$31,500 for joint filers—will be preserved.
- **State and Local Tax (SALT) Deduction:** The SALT deduction cap will rise from \$10,000 to \$40,000 starting in tax year 2025.
- **Child Tax Credit:** The bill increases the child tax credit, easing the financial burden for families with children.

### INVESTMENT CONSIDERATIONS

- **Stronger Earnings Outlook for U.S. Corporations:** Especially in manufacturing, defense, and financial sectors.
- **Support for Small Businesses:** Permanently extends the 20% QBI deduction for pass-through entities.
- **Capital Expenditure Incentives:** Continued immediate deduction of capital investments.
- **Potential Pressure on Fixed Income Markets:** Estimated \$2.4 trillion addition to the federal deficit may lead to higher interest rates.
- **Renewable Energy Sector Headwinds:** Solar and wind tax credits set to phase out by 2027

## **RETIREMENT AND ESTATE PLANNING**

- Greater Planning Certainty: TCJA provisions affecting estate and income tax planning expected to remain.
- Inflation-Indexed Exemptions: Lifetime estate and gift tax exemption will continue to adjust with inflation.
- Roth Conversion Opportunities: Lower tax brackets extended, enhancing Roth conversion strategies

## **OUR CONCLUDING THOUGHTS**

As with any omnibus legislation, the Big Beautiful Bill presents both opportunities and challenges. On the one hand, it offers significant tax relief, encourages capital investment, and creates greater certainty for estate and retirement planning. On the other hand, the projected impact on the federal deficit and certain policy shifts such as the phase-out of renewable energy incentives—warrant close scrutiny.

While most provisions take effect immediately, some elements will be phased in or out over the next two to three years. For many individuals and business owners, the bill represents a net positive, but its long-term fiscal consequences remain uncertain.

We will continue to closely monitor the implementation and real-world effects of the legislation to ensure our clients remain well-positioned in a changing financial landscape.

## ***Important Disclosure:***

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