



Tax Planning under the new **One, Big, Beautiful Bill**

Sridhar (Sri) Krishnan MBA, CFP®
Encover Personal Finance LLC

October 4, 2025



Advice you can trust



- ✓ **Fee-Only (No commissions/kickbacks)**
- ✓ **Independent (not affiliated with any large broker/dealer)**
- ✓ **Certified Financial Planner® Professional**
- ✓ **Fiduciary (client's best interest all the time)**



Disclaimer

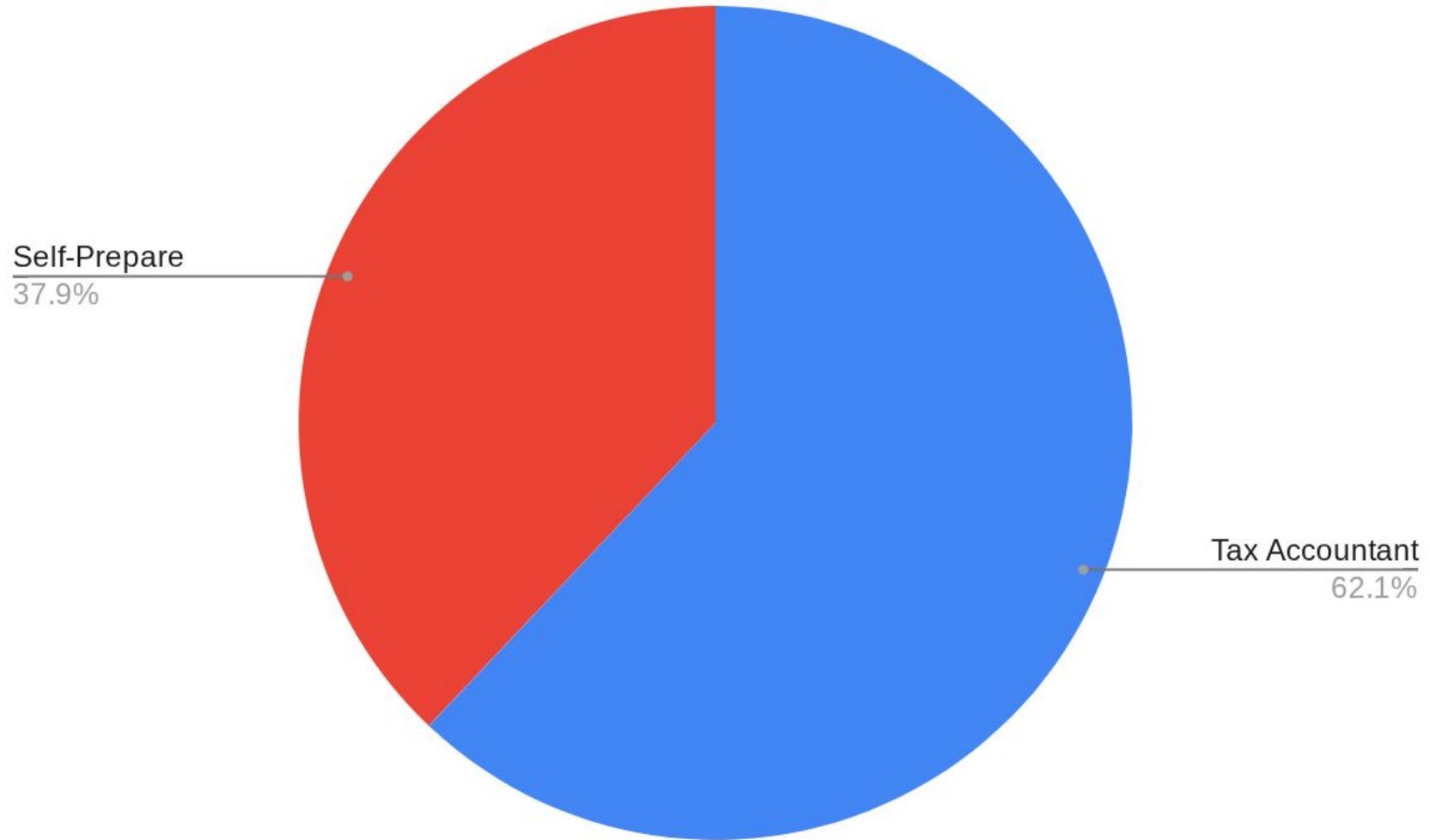
This presentation is meant for educational purposes only.

All numbers and examples are for the 2025 Federal Tax.

It is not a specific investment, tax or legal advice.

**Before taking any action on anything you see in this presentation,
please consult with your tax, legal or investment advisor.**

Tax Preparation Survey Results



A New Tax Landscape

The One, Big, Beautiful Bill Act (OBBBA):

Over 400 pages long, signed into law on **July 4, 2025**

Key Themes of the Act:

- Makes many expiring 2017 TCJA provisions permanent
- Introduces new temporary and permanent tax relief
- Accelerates the end of many clean energy credits from the Inflation Reduction Act (IRA)
- *Overhauls the federal student loan system*
- *Changes to business taxation and investment incentives*

Goal

Provide a comprehensive overview of the key provisions and highlight actionable tax planning opportunities for individuals, and families.

*“Must do’s to benefit from this change -
reduce tax liability, maximize wealth”*

TCJA Tax Brackets Made Permanent!

FEDERAL INCOME TAX		2025 Tax Tables
Rates apply to taxable income (i.e., income after deductions).		
TAX RATE	MFJ	SINGLE
10%	\$0 - \$23,850	\$0 - \$11,925
12%	\$23,851 - \$96,950	\$11,926 - \$48,475
22%	\$96,951 - \$206,700	\$48,476 - \$103,350
24%	\$206,701 - \$394,600	\$103,351 - \$197,300
32%	\$394,601 - \$501,050	\$197,301 - \$250,525
35%	\$501,051 - \$751,600	\$250,526 - \$626,350
37%	Over \$751,600	Over \$626,350

Capital Gains & Dividends Tax (No Change)

▶ LONG-TERM CAPITAL GAINS TAX			2025 Tax Tables
Rates apply to LTCGs and qualified dividends, and are based on taxable income.			
TAX RATE	0% RATE	15% RATE	20% RATE
MFJ	≤ \$96,700	\$96,701 - \$600,050	> \$600,050
SINGLE	≤ \$48,350	\$48,351 - \$533,400	> \$533,400
ESTATES/TRUSTS	≤ \$3,250	\$3,251 - \$15,900	> \$15,900
▶ 3.8% NET INVESTMENT INCOME TAX			
Paid on the lesser of net investment income or excess of MAGI over:			
MFJ	\$250,000	SINGLE	\$200,000

New Standard Deductions (Permanently Increased)

STANDARD DEDUCTION			2025
FILING STATUS		ADDITIONAL (AGE 65/OLDER OR BLIND)	
MFJ	\$31,500	MARRIED (EACH ELIGIBLE SPOUSE)	\$1,600
SINGLE	\$15,750	UNMARRIED (SINGLE, HOH)	\$2,000

above numbers will be indexed for inflation every year

SALT Cap Increases (2025-2029)

State and Local Tax Deduction

- State Income Taxes
- Local Income Taxes
- Real Estate Property Taxes
- Personal Property Taxes such as tax portion of DMV fees
- Sales Taxes (for States with No Income Tax)

Maximum Deductible in Itemized Deduction

- **Max \$40,000** for AGI below **\$500,000 (MFJ/Single)**
- **Reduced to \$10,000 for AGI above \$600,000**

Example of SALT Reduction (2025-2029)



	Case A	Case B	Case C
AGI	500,000	520,000	600,000
SALT Deduction	40,000	34,000	10,000
Taxable Income	460,000	486,000	590,000
Taxable Income Diff.		26,000	130,000
MFJ	32%	32%	35%
Marginal Tax		8,320	45,500
Effective Marginal Rate		41.60%	45.50%

Tax Torpedo Effect

Other Itemized Deductions

Home Mortgage Interest + Mortgage Insurance (PMI)	Loan amount \$750K - No Change PMI is Deductible (Effective 2026)
Charitable Contributions	No Limit in 2025 Effective 2026 - Above 0.5% of AGI
Unreimbursed Medical & Dental Expense Deduction	No Change (Over 7.5% of AGI)
Casualty and Theft Losses	No Change (Unreimbursed Expenses)
Gambling Loss Deduction	Limited to 90% of Winnings

Reduced Itemized Deductions for Top Bracket

Itemized Deductions reduced by $\frac{2}{37}$ of the lesser of
Itemized Deductions OR Taxable Income that exceeds 37% bracket

Example:

- AGI = \$1,000,000, Filing Status = MFJ, 37% Marginal Rate
- SALT = \$10,000 + Other deductions = \$90,000
- Total itemized deductions = **\$100,000**
- Top marginal rate threshold = \$751,600 (in 2025)

Itemized Deduction reduced by $\frac{2}{37}$ of **\$100,000** = **\$5,405**

Deduction Allowed = \$100,000 - \$5,405 = **\$94,595**

New "Below-the-Line" Deductions (2025-2028)

- Car Loan Interest: **Max \$10,000** in interest on loans for new vehicles assembled in the U.S. with income (MAGI) between \$200,000 to \$250,000 (MFJ).
- Tips Deduction: **Max \$25,000** of qualified tip income with MAGI of \$300,000 (MFJ)
- Overtime Deduction: "half" portion of time-and-a-half overtime pay, up to **\$25,000** with income of \$300,000 (MFJ)

Energy-Efficient Home Credits Expiring in 2025!

Section 25C – Energy Efficient Home Improvements

- \$2,000 for heat pumps, biomass systems
- \$1,200 for other upgrades
- \$600 max per item for windows and energy property
- \$500 total for exterior doors
- \$150 for home energy audits

Section 25D – Residential Clean Energy Credit - **30% of costs of**

- Solar panels
- Wind turbines
- Geothermal systems
- Battery storage
- Fuel cells

Credits for Families

Credit/Limit	Amount	Notes
Child Tax Credit	\$2,200	Increased & indexed for inflation beginning 2025. MAGI phases out starting at \$400,000 (MFJ).
Child Tax Credit (Refundable Portion)	\$1,700	Additional Child Tax Credit; permanent and inflation-indexed for 2025
Child & Dependent Care Credit	20–35*% of Qualified Expenses	\$3,000 per person / \$6,000 for more than one. - AGI above \$43,000: 20% credit rate. *Upto 50% in 2026.
Dependent Care FSA Contribution Limit	\$7,500	Starting in 2026
Adoption Tax Credit	\$17,280	MAGI \$259,190 - \$299,190 credit is inflation-adjusted

"Trump Accounts" for Children

- A new tax-deferred savings vehicle for individuals under 18, allowing up to **\$5,000 in annual contributions**.
- A pilot program will deposit a one-time, **\$1,000 refundable tax credit** into accounts for qualifying children born between 2025 and 2028

Other Updates

- Charitable Deduction of \$2,000 (MFJ)/\$1,000 (Single) effective 2026
- Estate and Gift Tax Exemption is permanently increased to **\$15 million per person** (\$30 million for a married couple), indexed for inflation, starting in 2026
- **Qualified Opportunity Zone** for deferring Federal Taxes on Capital Gains extended **starting 2027** with new rules
- Qualified Small Business Stock (QSBS): Section 1202 updated with Gain Exclusion Limit increased to \$15 million + new rules
- Alternative Minimum Tax exemption made permanent starting 2026.
 - Exclusion Amount **\$1,252,700 in 2025**, \$1,000,000 (MFJ) in 2026

2025 Year-End Planning Opportunities

Reduce Taxable Income

Decrease AGI ('above-the-line' items)

- Max out Retirement Savings (Pre-Tax 401k + Catch-up)
- Max out HSA Contributions
- Deductible IRA - income limits (details to follow)
- Tax-Loss Harvesting / Offset Gains
- Delay Large Stock Sales
- Postpone Self-employment income to next year
- Keep Roth Conversions within 24% Marginal Tax Bracket

IRA / Roth IRA Contribution Limits (2025)

TRADITIONAL IRA & ROTH IRA CONTRIBUTIONS	
Total Contribution Limit	\$7,000
Catch Up (Age 50+)	\$1,000
ROTH IRA ELIGIBILITY	
SINGLE MAGI PHASEOUT	\$150,000 - \$165,000
MFJ MAGI PHASEOUT	\$236,000 - \$246,000
TRADITIONAL IRA DEDUCTIBILITY (IF COVERED BY WORK PLAN)	
SINGLE MAGI PHASEOUT	\$79,000 - \$89,000
MFJ MAGI PHASEOUT	\$126,000 - \$146,000
MFJ (IF ONLY SPOUSE IS COVERED)	\$236,000 - \$246,000

2025 Year-End Planning Opportunities

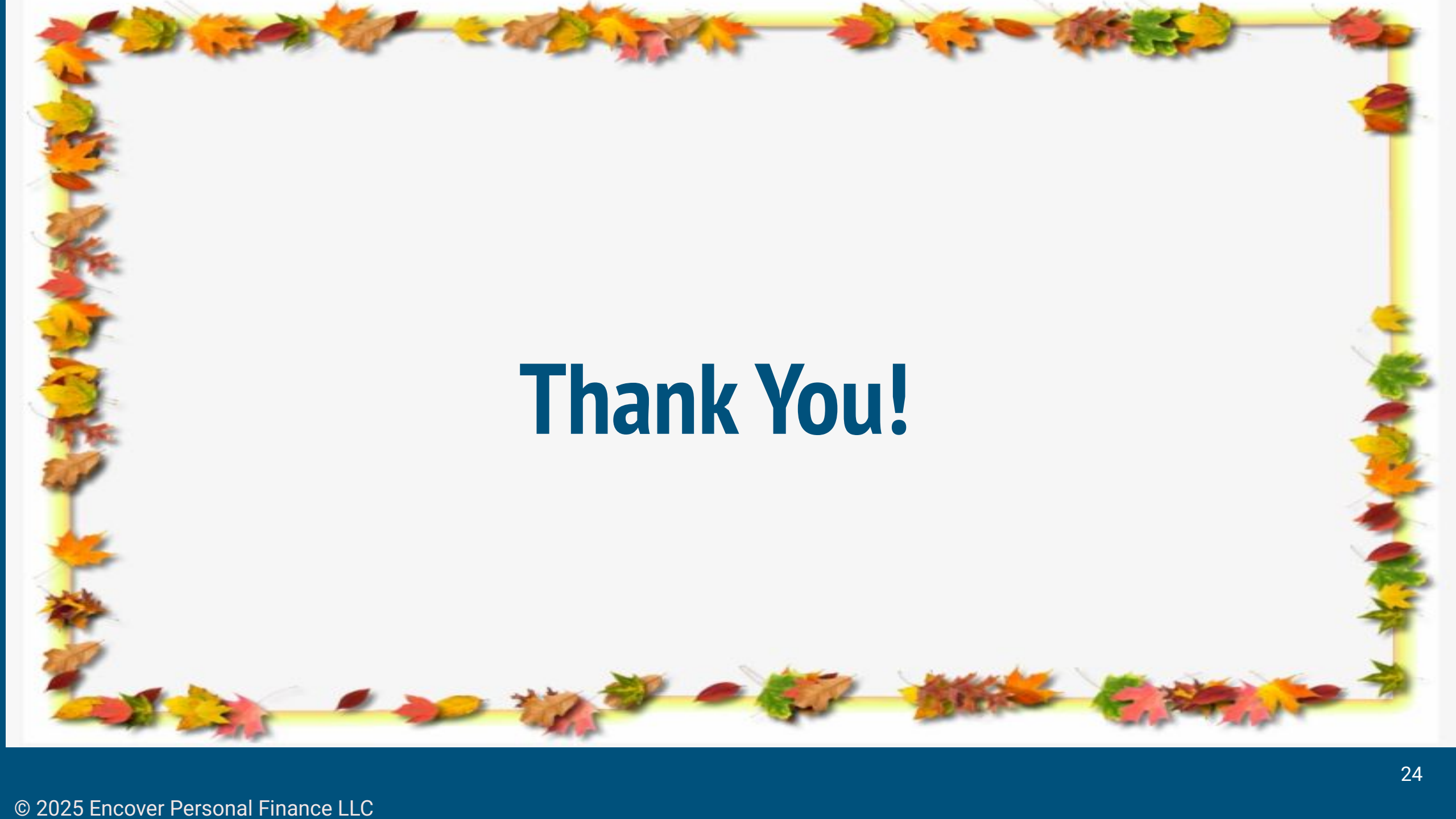
Maximize “Schedule A” Deductions

- Increase **SALT** deductions if AGI < \$600K
 - State Income Taxes or Sales Taxes, Property Taxes
- Mortgage Interest
- Charitable Contributions
 - Bunch-up Charitable Deductions - use Donor-Advised Fund
 - Donate Appreciated Stocks/Assets
 - Tax-free Growth within DAF
 - Alternative: Charitable Remainder Trust (complex + admin costs)
- Unreimbursed Medical Expenses over 7.5% AGI

2025 Year-End Planning Opportunities

- **Bunch-up large Medical Bills**
 - Itemize Deductions over 7.5% of AGI
- **Educational Tax Credits**
 - AOTC max credit of **\$2,500 - AGI \$160K-\$180K limit**
 - Pay \$4,000 of Tuition paid outside of 529-Plan
- **Student Loan Interest Deduction**
 - up to **\$2,500 - MAGI \$170K-\$200K limit**
- **EV (Sep 30, 2025) / Solar Install 30% Credits (Dec 31, 2025)**
- **Exercise ISOs in 2025 instead of 2026 (lower AMT Exclusion)**
- **Roth Conversions**

Multi-Year Tax Planning is
important!



Thank You!

Q & A



Schedule a complementary,
no-obligation initial consultation
encoverpf.com/schedule

Contact Info:
Sridhar Krishnan
Fee-Only Financial Planner
sk@encoverpf.com

Encover Personal Finance

Budget & Cash Flow Management
Debt Management
Saving for Emergency
Employer Benefits (FSA,HSA,401k,ESPP)
Equity Compensations (RSU,ISO,NSO)
Insurance Needs (Life, Disability, LTC)
College Savings (529-plans)
Home Purchase/Refinance
Investment Management
Retirement Modeling and Planning
Tax Analysis and Planning
Estate Planning
Charitable Giving
Snapshot Dashboard