US Wealth Management
U.S. Bank

One Big Beautiful Bill Act (OBBBA)

The One Big Beautiful Bill Act (OBBBA) included significant changes to tax legislation that may affect your personal finances. This guide is designed to give you an at-a-glance overview of key individual income tax changes. If you have questions or want personalized guidance, please reach out to your wealth team.

Provision	Details
Individual income tax brackets	Previous tax brackets of 10%, 12%, 22%, 24%, 32%, 35% and 37% are now made permanent.
Standard deduction	Starting 2025, the standard deduction increases to $15,750 for single filers and $31,500 for married couples filing jointly. This amount will be indexed yearly for inflation.
“Bonus” deduction for ages 65+	Effective 2025–2028, taxpayers aged 65 or older will receive an additional $6,000 standard deduction. Modified Adjusted Gross Income (MAGI) thresholds and phaseouts apply.
State and Local Tax (SALT) deduction	Effective 2025–2029, the SALT deduction cap rises to $40,000 for married couples filing jointly and $20,000 for married couples filing separately. MAGI thresholds and phaseouts apply.
Child tax credit	Starting 2025, the child tax credit will increase to $2,200 per qualifying child. This amount will be indexed yearly for inflation. MAGI thresholds and phaseouts apply.

Investment and insurance products and services are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

 Important disclosures provided on page 3.

Provision	Details
Alternative Minimum Tax (AMT)	Effective 2026, exemption phaseouts begin at $500,000 for individuals and $1,000,000 for married couples filing jointly. Once the threshold is reached, the phaseout rate increases from 25% to 50%.
Mortgage interest deduction	The $750,000 mortgage interest deduction limit is now permanent. Mortgage insurance premiums can also be included as deductible mortgage interest.
Non-itemized charitable deduction	Effective 2026, single filers can deduct up to $1,000, and married couples filing jointly up to $2,000, in charitable contributions “above the line” on their tax returns.
Floor on itemized charitable contributions	Effective 2026, itemizing taxpayers must contribute at least 0.5% of their Adjusted Gross Income (AGI) before claiming charitable contribution deductions.
Itemized deduction limitation	Effective 2026, taxpayers in the 37% tax bracket will see itemized deductions reduced to 35% of their value.
Automobile loan interest deduction	Effective 2025–2028, eligible taxpayers can deduct up to $10,000 of interest on car loans for qualifying vehicles. MAGI thresholds and phaseouts apply.
Gift and estate tax exemptions	Effective 2026, the lifetime gift and estate tax exemption increases to $15 million for single filers and $30 million for married couples filing jointly. This amount will be indexed yearly for inflation.
Private school scholarship donation tax credit	Effective 2027, taxpayers can gift up to $1,700 (single filers) or $3,400 (married couples filing jointly) to qualifying organizations offering K–12 private school scholarships and receive a 100% tax credit.
529 plan distributions	Effective 2026, federal withdrawal limits for K–12 tuition and other qualified expenses (curriculum materials, standardized testing fees, tutoring services, etc.) increase to $20,000.
529 plan expansion	Effective in 2025, 529 plans will also cover approved post-secondary credentialing expenses.
Trump Account for minors	Effective 2026, tax-free investment accounts for children under 18 are available. Annual contributions are capped at $5,000, with employer contributions up to $2,500. A one-time government contribution of $1,000 is offered for children born between 2025 and 2028.
Overtime and tip tax deductions	Effective 2025–2028, individuals can deduct up to $12,500 in qualified overtime pay and up to $25,000 in tip income, respectively. MAGI thresholds and phaseouts apply.

Key provisions of the OBBBA

Provision	Phaseout range (MAGI)	Provision expiration
Bonus 65+ Deduction (S)	$75,000–$175,000	2028
Bonus 65+ Deduction (MFJ)	$150,000–$250,000	2028
Auto Loan Interest Deduction (S)	$100,000–$150,000	2028
Auto Loan Interest Deduction (MFJ)	$200,000–$250,000	2028
No Tax on Tips (S)	$150,000–$400,000	2028
No Tax on Tips (MFJ)	$300,000–$550,000	2028
No Tax on Overtime (S)	$150,000–$275,000	2028
No Tax on Overtime (MFJ)	$300,000–$550,000	2028
SALT Deduction (MFS)	$250,000–$300,000	2029
SALT Deduction (MFJ)	$500,000–$600,000	2029
Child Tax Credit (S)	$200,000–$245,000	No expiration
Child Tax Credit (MFJ)	$400,000–$445,000	No expiration

U.S. Wealth Management – U.S. Bank is a marketing logo for U.S. Bank.

U.S. Bank and its representatives do not provide tax or legal advice. Each individual's tax and financial situation is unique. Individuals should consult their tax and/or legal advisor for advice and information concerning their particular situation. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness.

 ©2026 U.S. Bank