

# PRISM PLANNING & SOLUTIONS GROUP, LLC

## WHAT YOU NEED TO KNOW ABOUT TRUMP'S NEW TAX BILL



### FROM YOUR ADVISOR

July 4th has seen the signing of the One Big Beautiful Act (OBBA), legislation that tries to offer something for everyone, but most of the goodies are temporary. The permanent changes in the bill are targeted at reducing the amount of taxes paid by the wealthiest Americans by reducing the amount of government dollars spent providing a social safety net to the poorest Americans. We can all agree that there have always been inefficiencies in government services, but in my opinion, the argument that privatization is the magic bullet and only targets waste, fraud and abuse is both misleading and self-serving. Equity markets are likely to respond well to OBBA, and the Trump administration can now focus on trade. Although negotiations with trading partners will have the specter of tariffs as a sword of Damocles, markets will most likely adjust as the administration's intents have been well telegraphed. Enjoy your summer and check back after Labor Day.

### UPCOMING EVENTS

We look forward to sharing exciting events and updates with you soon!

In the meantime, we invite you to follow us on social media for the latest information.



Feel free to check out our previous events and trending topics on our [WEBSITE](#).

Stay tuned and thank you for being a part of our journey!



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President Trump's "One Big Beautiful Act" (OBBA) became law this past weekend, and while it doesn't deliver on the campaign promise to eliminate Social Security taxes, it does include some provisions that could benefit retirees.

**The New Senior Deduction:** If you're 65 or older, you may qualify for a new tax deduction of up to \$6,000 per person for tax years 2025–2028. This deduction is available whether you take the standard deduction or itemize, but it phases out based on your income. Single filers lose the deduction gradually starting at \$75,000 in income, while married couples filing jointly see it phase out starting at \$150,000.

**Roth Conversions Still Make Sense:** The bill extends current low tax rates, which means Roth IRA conversion opportunities continue. However, since conversions count toward your income, they could affect your ability to claim the new senior deduction. The interaction between these provisions requires careful planning.

**Charitable Giving Changes:** New rules limit charitable deductions for those who itemize, while standard deduction filers can now deduct up to \$1,000 in charitable gifts. If you donate directly from your IRA (Qualified Charitable Distributions), those donations won't affect your new senior deduction.

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**The Bottom Line:** While some provisions help middle-income retirees, the 900-page bill contains many complexities and temporary provisions that expire after 2028. The timing and coordination of these benefits with your overall retirement strategy requires professional guidance.

Don't try to navigate these changes alone. A Certified Financial Planner™ can help you understand how these new rules affect your specific situation and ensure you're maximizing the benefits available to you.

Read the full story and learn about essential estate planning documents [HERE](#).

## "ALL THINGS IRA CORNER"

### What are the Mandatory Roth Catch-Up Regulations?

Starting January 1, 2026, 401(k), 403(b) and governmental 457(b) plans will require certain highly paid employees to make all catch-up contributions on a Roth basis. Since these employees usually benefit the most from pre-tax contributions, these changes could have a significant impact on affected employees. This requirement - part of the 2022 SECURE Act 2.0 legislation - was included to increase tax revenue in the short term, helping the legislation qualify under the budget reconciliation process.

The requirement only applies to "wages" reported on Box 3 (not Box 1) of an employees' W-2, so does not affect self-employed individuals. There is a look-back wage rule, and the income thresholds determining who is affected are not pro-rated for first year employees, so some highly paid employees may be able to make pre-tax catch-up contributions in 2026 and 2027.

If an employer does not offer a Roth contribution option the IRS is not requiring the plan to add one, but higher paid employees will be prohibited from making any catch-up contributions if the plan doesn't include a Roth option.

[CLICK HERE](#) for Resources and Links related to IRAs, Roths and Qualified plans.

For more information about these new regulations, consider speaking with a member of Ed Slott's Master Elite Advisor Group™ Click [HERE](#) to schedule a 15-minute conversation with Julia.

Julia Peloso-Barnes, CFP® is a member of Ed Slott's Master Elite IRA Advisor Group™. For more information on anything mentioned in the "All Things IRA" Corner please email Julia at [julia@PPSgrp.com](mailto:julia@PPSgrp.com) or schedule a call/zoom [HERE](#).

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## KEY POINTS

- SALT deductions increased and a new "senior credit" - but both are temporary.
- Current tax rates are made permanent.
- Several changes will affect Roth conversion and QCD strategies so consult your advisors before taking action.



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