ED SLOTT'S IRA ADVISOR

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Tax & Estate Planning for Your Retirement Savings

WHAT'S INSIDE?

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No Retirement Account Provisions in Budget Megabill

On July 4, 2025, President Trump signed into law the "One Big Beautiful Bill Act" (OBBBA). This budget reconciliation legislation contains *NO* direct IRA or company plan provisions. In other words, ***there is no "SECURE 3.0" to be found in the OBBBA***. For example, there are no changes to retirement account contribution limits or new Roth contribution rules. (Of course, it is possible that Congress will pass additional tax legislation later this year that could include retirement changes.)

While the OBBBA lacks any ***direct*** retirement-account-related provisions, there are several provisions that will have an ***indirect*** effect:

- The reduced federal individual income tax rates, originally enacted in the Tax Cuts and Job Act, were extended permanently. This will expand the opportunity to do Roth IRA conversions (or conversions within 401(k) plans) at low tax brackets for years to come.
- There is a new $6,000 addition to the standard deduction for seniors aged 65 and older for years 2025-2028. This will also be available to seniors who itemize deductions. There is a phase-out beginning with adjusted gross income (AGI) of $75,000 for individuals and $150,000 for married filing jointly (MFJ). Since Roth conversions increase AGI in the year of conversion, the possibility of losing this new tax break is another factor that seniors will need to consider when deciding on Roth conversions. This additional standard deduction may allow more people below the phase-out to do Roth conversions and have the added taxable income offset by the deduction. That is also the case with several other OBBBA provisions: the increase in the state and local tax (SALT) deduction and new deductions for overtime and tips.
- Effective in 2026, taxpayers taking the standard deduction will be able to make deductible charitable contributions, up to $1,000 for individuals and $2,000 for MFJ. (Higher earners will be restricted in taking itemized deductions.) This change will allow a donor who takes the standard deduction to still get a tax deduction for donations up to $1,000/$2,000 as an alternative to donating those amounts from his IRA with a qualified charitable donation (QCD).
- A new type of savings vehicle for children, called "Trump accounts," is available. Starting July 4, 2026, parents and others can contribute up to $5,000 per year on behalf of the child. (Contributions by employers and nonprofits are also permitted.) Accounts for children born between January 1, 2025, and December 31, 2028, will be seeded with a one-time government contribution of $1,000. ■