



How to Take Advantage of Tax Changes in the One Big Beautiful Bill

The tax landscape has shifted. With the One Big Beautiful Bill, affluent families can capitalize on expanded deductions, charitable strategies, and business-friendly provisions.

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For much of the past year, tax strategies have been in a state of limbo. Many provisions under the Tax Cuts and Jobs Act of 2017 were set to expire at the end of 2025, leaving advisors to speculate about the shape of the new tax landscape to come.

The recent passage of the One Big Beautiful Bill (OBBB) has provided something extremely valuable: clarity. The legislation heralded a major shift in tax policy and regulations, presenting considerable new tax-saving opportunities for affluent individuals and families.

Endeavor is committed to distilling the latest tax changes and ensuring that our clients have a financial plan optimized for the current tax environment. From charitable contributions to new business deductions, there are numerous opportunities for clients to achieve meaningful savings — as long as they have the right strategy in place.

Charitable Contributions Under OBBB

Charitable contributions have long been a way for high-net-worth individuals to drive meaningful impact while taking advantage of tax benefits. Under the OBBB, several significant changes have been made to the philanthropic landscape.

The OBBB introduces a new minimum contribution threshold starting in 2026: A 0.5% Modified Adjusted Gross Income floor is required before charitable deductions can be itemized. Families with a \$1 million MAGI, for instance, must contribute a minimum of \$5,000 to qualify for itemized charitable deductions.

For affluent individuals and families, another key change concerns a new phase-out limit starting in 2026 for itemizers in the top 37% tax bracket. Previously, filers were able to receive a deduction equivalent to their tax rate (For example, a \$10,000 gift would yield a deduction of \$3,700). Under the new legislation, all itemized deductions (including charitable deductions) could be phased out as much as 2/37 of their MAGI (approximately 5.4%). Families with a \$1 million MAGI and \$100,000 of deductible charitable contributions could lose approximately \$54,000 worth of charitable deductions.

That's all the more reason to consider proactively making your charitable gifts now, before these two provisions kick in. One way to accomplish this is through bunching multiple years of donations to a Donor-Advised Fund (DAF) in 2025. DAFs are flexible, and the funds don't have to be used right away, which means even if you aren't sure of which charities you wish to support, you can still maximize the tax benefits from your charitable contributions by making the gift now.

A Strengthened State and Local Tax (SALT) Deduction

Due to these recent changes to the SALT deduction, we expect to see a significant rise in the number of itemized returns, as more filers take advantage of an increasing SALT deduction.

Previously, SALT deductions, which include state and local income tax, along with property taxes, were capped at \$10,000. Under the new tax legislation, the limit rises to \$40,000, subject to phasedowns for high earners. The result? An even larger number of people will have state and local tax bills exceeding the standard deduction — meaning there's more reason than ever to itemize deductions.

New Opportunities for Business Owners and Small-Business Investors

There are a few essential provisions in the new OBBB that business owners and investors should be mindful of:

Qualified Small Business Stock

For entrepreneurs investing in small businesses, there has been a significant change to how capital gains are taxed. Previously, investors could exclude a maximum of \$10 million of gains from qualified small business stock, provided they held the investment for a minimum of five years. Under the OBBB, investors can now exclude up to \$15 million in capital gains, and they can start excluding up to 50% of their gain as early as 3 years. Investment in eligible small businesses has never been more advantageous.

Accelerated Depreciation

For business owners, deducting eligible expenses represents a critical means of reducing your tax burden. New regulations allow business owners to deduct up to \$2.5 million worth of qualifying property expenses (including machinery and equipment), up from \$1.25 million.

Taking Advantage of Strategic Tax Bracket Management

Your tax bracket may change from year to year, and your tax strategy should reflect this reality. That's why tax bracket management is one of the fundamental pillars of our tax strategy at Endeavor. In high-bracket years, you may benefit from accelerated charitable giving, which can reduce your taxable income. On the other hand, low-bracket years may call for selling appreciated investments or a Roth conversion — both of which allow you to offload gains in a year when your tax rate is lower.

At Endeavor, we strategically and continuously shape your financial plan in accordance with your current tax situation, allowing you to maximize the benefits of your wealth. The One Big Beautiful Bill has provided us with much-needed clarity, and we are now able to capitalize on new opportunities and devise long-term strategies. With many key tax advantages ending in 2025, now is the time to make sure you've optimized your entire financial plan.

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