OBBBA: Impacts, Opportunities, and Insights

High-Net-Worth Individuals and Private Business Owners

What the One Big Beautiful Bill Act Means for High-Net-Worth Individuals and Private Business Owners

Planning Insights and Actionable Steps from Aldrich CPAs + Advisors LLP

The **One Big Beautiful Bill Act** (OBBBA), signed into law on July 4, 2025, brings significant changes to the federal tax code—particularly for high-net-worth individuals, private business owners, and families focused on legacy planning.

The bill cements several provisions originally introduced under the 2017 Tax Cuts and Jobs Act (TCJA), including inflation-adjusted estate and gift tax exemptions. While the legislation avoids major tax rate increases for capital gains, it does introduce subtle but impactful shifts that require timely planning and strategic execution.

For business owners seeking details on how OBBBA impacts their company structure, deductions, and strategic planning opportunities, please visit our companion guide on **private company tax planning**.

OBBBA Strategic Checklist: High-Net-Worth Individuals and Private Business Owners

1 Leverage the Permanent Estate and Gift Tax Exemption

OBBBA sets the unified federal estate and gift tax exemption at $15 million per individual and $30 million per married couple, indexed for inflation beginning in 2026. This codifies and extends higher thresholds introduced under the TCJA and removes the uncertainty around a potential drop to pre-2018 levels. The permanence of this exemption introduces predictability for families planning multigenerational wealth transfers.

- **Consideration:** Complete large lifetime gifts now. Consider funding dynasty trusts to lock in exemptions. Learn more about the new estate and gift tax exemption **here**.

2 Maximize the GST (Generation-Skipping Transfer) Exemption

The GST tax exemption is now permanently tied to the $15 million individual gift tax threshold and indexed for inflation. This alignment simplifies multigenerational estate planning and reinforces the value of long-term trust strategies for legacy preservation.

- **Consideration:** Establish or expand GST-allocated trusts to transfer wealth across generations.

3 Maintain Predictability in Trust Income Taxation

The bill retains the compressed TCJA-era income tax brackets for trusts and estates, with annual inflation adjustments. This consistency allows for more accurate forecasting of taxable income within irrevocable trusts and supports ongoing planning for income-generating estate structures.

- **Consideration:** Model income distributions more effectively; rebalance income-producing assets.

4 Optimize Planning for Art, Collectibles, and Illiquid Assets

The legislation affirms the continued viability of gifting and transferring high-value, non-cash assets such as artwork and closely held business interests. While it does not impose new restrictions, it reinforces the importance of proper valuation and governance in estate structures involving illiquid assets.

- **Consideration:** Gift appreciating items now; update valuations; build governance into trusts.

5 Plan Around SALT Deduction Limits

The SALT deduction temporarily increases to $40,000 through 2029, then reverts to $10,000 in 2030. A phase-down applies for taxpayers with modified adjusted gross income (MAGI) over $500,000. This provision continues to limit itemized deduction flexibility, particularly for those residing in high-tax states, and may affect net tax exposure for certain filers. For high-net-worth individuals with ownership in pass-through businesses or trusts, understanding the evolving interplay between SALT limits and PTET deductibility is essential for 2025 and beyond.

- **Consideration:** Use GRATs, CLATs, and DAFs instead. Reassess domicile options if needed.

6 Refine Capital Gains and Investment Strategies

OBBBA does not raise the long-term capital gains tax rate, but it introduces heightened IRS scrutiny of high-value transactions, especially those involving installment sales, like-kind exchanges, and basis step-ups. While the underlying tax rates remain stable, the environment for compliance has become more stringent.

- **Consideration:** Optimize the timing of asset sales; bolster documentation and basis tracking.

7 Maximize Charitable Giving Flexibility

The bill retains current rules for donor-advised funds and charitable trusts, with a new provision requiring corporations to meet a 1% minimum giving threshold before claiming deductions. This may influence charitable planning involving business interests or corporate entities.

- **Consideration:** Leverage donor-advised funds and charitable trusts for high-impact giving.

8 Integrate Retirement and Roth Strategies

OBBBA makes Roth-style contributions the default for high eaners' catch-up provisions and modifies certain phase-in and income thresholds for qualified accounts. These adjustments may affect how high-income individuals manage their retirement tax exposure.

- **Consideration:** Rebalance tax-advantaged retirement assets; consider Roth conversions.

9 Deduction for Individuals Age 65+

A new deduction from adjusted gross income of $6,000 is available for individuals aged 65 and older from 2026 through 2028, with phaseouts beginning at $75,000 MAGI ($150,000 for joint filers). This change offers potential for modest relief for taxpayers 65 and above but is subject to income limitations.

- **Consideration:** Factor into senior tax plans and retirement drawdown models.

10 Review Business Ownership and Exit Strategies

The bill preserves the 20% deduction for qualified business income (§199A), originally introduced under the TCJA. However, it modifies the income threshold and phase-out rules for specified service trades and high-income earners, potentially narrowing eligibility for certain professionals and private business owners.

- **Consideration:** Reevaluate entity structures and succession plans; prepare for liquidity events.