

TAX IMPLICATIONS

Tax brackets will revert back to pre-TCJA ranges, impacting most taxpayer's rates, including lower-income earners.

See current brackets vs. projected tax rates on next page.

The highest trust income tax bracket would return to 39.6% (up from current 37%)

Personal exemptions would return, and the standard deduction would decrease by about half back to pre-TCJA levels.

 **\$12,500** → **\$6,500**
Single

 **\$18,500** → **\$9,500**
HoH

 **\$26,000** → **\$13,000**
Joint

The lifetime gift and estate tax exemption will be reduced back to pre-TCJA amounts.

 **\$6.8M** → **\$13.61M***
Single

*Approximately half of current exemption, adjusted for inflation

ITEMIZED DEDUCTIONS

Threshold is back.

The income phase-out for the total allowable itemized deductions would be added back.

If taxpayer hits the AGI income threshold they will be capped at 80% of the total itemized deductions.

Previous deduction thresholds were as follows:

 **\$266,700**  **\$320,000**
Single AGI* Joint AGI*

*The future thresholds will likely be inflation adjusted

CREDIT UPDATES

The dependent exemption would return, and the increased child tax credit would decrease by half (plus inflation adjustments).

Current child tax credit: **\$2,000**

Future child tax credit: **\$1,000**

AMT THRESHOLDS

The TCJA increased the income threshold for phasing out of the AMT exemption.

The income threshold would return to pre-TCJA levels.

DEDUCTION ITEMS UPDATES

- ▶ **The cap of \$10k** for State and Local tax deduction **would be eliminated.**
- ▶ **With the TCJA, there was a reduction in deductibility of mortgage interest** on new mortgages that limited the deductibility of interest to the first \$750k (MFJ). **This would revert back to pre-TCJA levels, allowing interest to be deductible up to \$1M** (plus inflation adjustments).
- ▶ **Home equity loan interest would return to being deductible** up to \$100k for home improvement projects.
- ▶ **The deduction for fees related to financial advice and tax prep would return.**
- ▶ The **TCJA increased the annual deduction limit** (cash donations) from 50% to 60% to public charities. **This would revert to 50%** with the 2026 sunset.
- ▶ The **TCJA adjusted the amount that can be deducted for out-of-pocket medical costs** from 10% of AGI to 7.5%. **This would return to 10% of AGI** in 2026.
- ▶ **QBI (20% deduction) will no longer be available** for pass through business entities

TAX BRACKETS FOR MARRIED COUPLES FILING JOINTLY

Taxable income	2024 tax rates	Projected tax rates	Difference
\$0 to \$23,200	10%	10%	0.0% ▲
\$23,201 to \$94,300	12%	15%	3.0% ▲
\$94,301 to \$180,000	22%	25%	3.0% ▲
\$180,001 to \$201,050	22%	28%	6.0% ▲
\$201,051 to \$274,400	24%	28%	4.0% ▲
\$274,401 to \$383,900	24%	33%	9.0% ▲
\$383,901 to \$487,450	32%	33%	1.0% ▲
\$487,451 to \$490,000	35%	33%	2.0% ▼
\$490,001 to \$553,600	35%	35%	0.0%
\$553,601 to \$731,200	35%	39.6%	4.6% ▲
Over \$731,201	37%	39.6%	2.6% ▲

TAX BRACKETS FOR SINGLE FILERS

Taxable income	2024 tax rates	Projected tax rates	Difference
\$0 to \$11,600	10%	10%	0.0%
\$11,601 to \$47,150	12%	15%	3.0% ▲
\$47,151 to \$100,525	22%	25%	3.0% ▲
\$100,526 to \$108,000	24%	25%	1.0% ▲
\$108,001 to \$191,950	24%	28%	4.0% ▲
\$191,951 to \$225,400	32%	28%	4.0% ▼
\$225,401 to \$243,725	32%	33%	1.0% ▲
\$243,726 to \$490,000	35%	33%	2.0% ▼
\$490,001 to \$492,000	35%	35%	0.0%
\$492,001 to \$609,350	35%	39.6%	4.6% ▲
Over \$609,351	37%	39.6%	2.6% ▲

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