THOUGHT LEADERSHIP

Turning Tax Reform Into Client Strategy

Tax, estate, and wealth planning opportunities in a newly stabilized policy environment.

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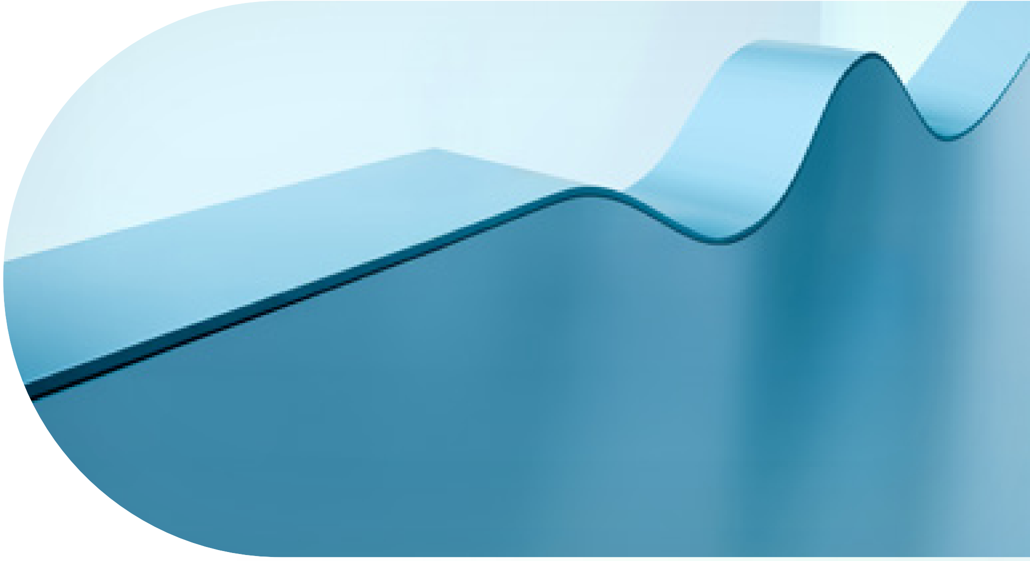


New tax laws present proactive advisors with an opportunity to strengthen client relationships and clearly demonstrate their value.

Amid all the publicity and controversy surrounding Public Law No. 119-21, also known as the One Big Beautiful Bill Act (OBBBA),[1] one key implication stands out for advisors.

It presents an unprecedented opportunity for wealth management and trust professionals to engage proactively with high-net-worth (HNW) and high-earning clients to evaluate, optimize, and act on the benefits of the bill.

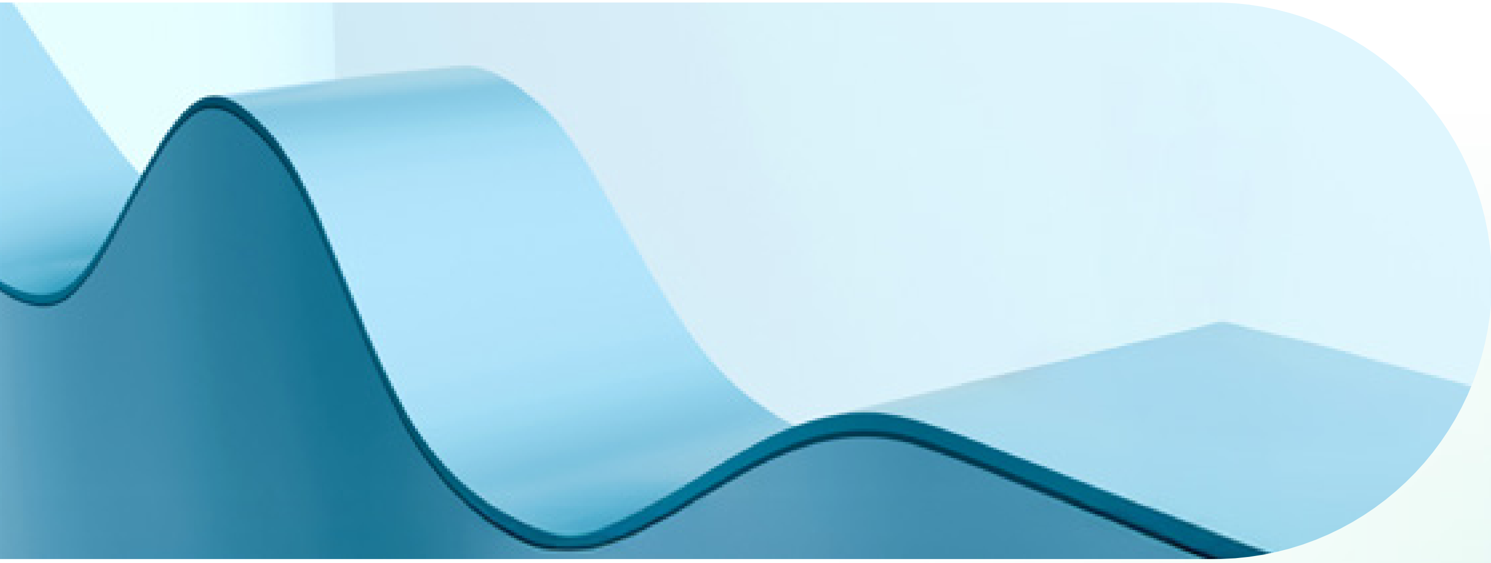
Between tax cuts, estate tax changes, and small-business impacts, the OBBBA contains provisions that warrant a comprehensive reevaluation of clients' financial planning and wealth transfer strategies. It brings a measure of permanence and certainty, making long-term planning possible and desirable. However, it also includes temporary provisions that create a clear urgency to act. Clients should be made aware of potential adverse impacts.

This is a time to be proactive with your clients and provide valuable guidance to help them make the most of the new law.

Wealth managers and fiduciaries should act now to help clients assess and capitalize on this policy.

Clients Most Impacted by the New Tax Law

1. **High-Net-Worth Families**
   - Estate planning
   - Wealth transfer strategies
2. **Small Business Owners**
   - QBI deduction
   - Capital investment planning
3. **High-Earning W-2 Professionals**
   - SALT deduction planning
   - Roth conversion strategies
4. **Young Families**
   - Child tax credit
   - New savings accounts



A Deeper Dive into the Bill

Before getting into the strategy implications, it's useful to have an overview of the OBBBA—what it is, what it does, why it matters, and how it might affect your clients.

The bill was enacted on July 4, 2025, as part of a broader budget reconciliation package. Its stated policy goals were to stimulate economic growth (by freeing up capital for investment), simplify the tax system, and incentivize family savings. The bill calls for tax reductions totaling around $4.5 trillion over 10 years, largely by extending and making permanent the tax cuts from the 2017 Tax Cuts and Jobs Act (TCJA), which were otherwise due to expire. While these cuts apply to taxpayers across the board, economists generally agree they will primarily benefit the country's highest-income earners.[2]

Key provisions for advisors to note include:

- **Permanence and predictability of personal tax rates:** The bill locks in existing personal income and corporate tax rates, as well as the newly increased standard deduction.
- **Expanded estate and gift thresholds:** Tax exemptions are increased ($15 million for individuals) and made permanent unless specifically changed by legislation, eliminating the uncertainty of sunsetting.
- **Renewed focus on family:** The child tax credit is permanently increased to $2,200 per child, while the maximum deductible for child and dependent care is increased. Seniors aged 65 and older can claim an additional deduction of up to $6,000.

Advisors should prioritize high-net-worth households, small business owners, W-2 high earners, and retirees within their client base.

- **Small business benefits:** The deduction for qualified business income (QBI) from pass-through entities is permanently set at 20%, and R&D expenses become fully deductible. The act also allows tipped and hourly workers to deduct up to $25,000 in tips and $12,500 in qualified overtime pay.
- **Charitable incentives:** Non-itemizing taxpayers can claim a new deduction for cash contributions of up to $1,000 for single filers and $2,000 for joint filers.
- **Targeted savings tools:** New tax-advantaged savings and investment accounts for children (the so-called "Trump Accounts") allow annual contributions of up to $5,000, while the government will make a one-time $1,000 contribution for eligible children born between 2025 and 2028.

Review your client base to identify those who stand to benefit from these changes, namely HNW households, small business owners, W-2 high earners, and retirees. This is an opportunity to engage them proactively with educational information and tailored strategies.

Income and Tax Planning in a Stabilized Tax Rate Environment

The new framework enables advisors to help clients optimize their income timing, deductions, and tax strategies with a long-term perspective. For example, the permanent extension of the 2017 tax cuts and the stabilization of tax brackets allow clients to plan Roth IRA conversions and distributions over several years. Additional opportunities include:

SALT exemptions: Clients in high-tax states can take advantage of a temporary increase in the federal deduction for state and local taxes (SALT)—a maximum of $40,000 for tax years 2025 through 2029, up from $10,000 under TCJA. Advisors can use tax modeling and scenario analysis tools to illustrate the benefits they stand to reap during this window, before the cap reverts to pre-2025 levels (unless legislated otherwise).

Itemized deductions: The "Pease" limitation on itemized deductions for high-income earners, suspended under TCJA, has now been permanently removed and replaced with a new, less complex itemized deduction cap that applies only to taxpayers in the top 37% tax bracket. The new rule effectively caps the tax benefit of most itemized deductions at 35%. Stated more simply, high-earning clients will now receive 35¢ in tax savings for every $1 in itemized deductions.

Senior, tip, and overtime deductions: If you have clients that stand to benefit from the new senior deduction or tip and overtime tax exemptions, this is a time to revisit cash flow and retirement projections and make any adjustments to keep them on course.

With permanent personal tax rates, advisors can uncover opportunities, assess potential outcomes, and help clients make confident decisions.

This policy creates one of the most meaningful estate and legacy planning opportunities advisors have seen in some time.

Estate, Gift, and Legacy Planning

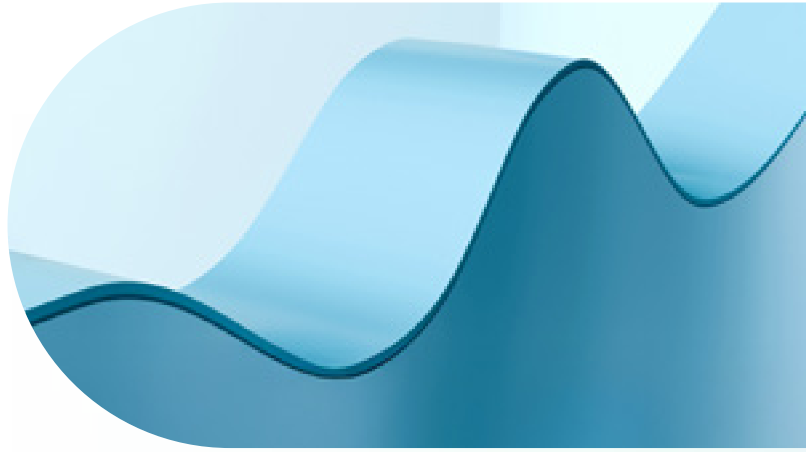
With greater certainty around estate and gift taxes, advisors can undertake long-term estate planning and intergenerational wealth-transfer strategies for clients who are in a position to leave money to heirs. The OBBBA eliminates the 2026 "sunset" of estate and gift tax exemptions under TCJA and raises the exemption to $15 million for individuals and $30 million for couples. That enables families to transfer wealth over time through multi-yeargifts. Note, however, that the new exemptions are called "permanent" simply because they lack a sunset clause. A future administration and Congress could legislate lower exemptions or eliminate them.

Clearly, this is a time to review estate plans and adjust strategies in view of the new thresholds. Advisors should update their clients' trust accounting and wealth-transfer projections in their planning software programs.

Charitable giving changes: Meanwhile, the rules governing charitable giving change markedly beginning with the 2026 tax year. Itemized charitable deductions are only available for the portion of contributions above a floor of 0.5% of adjusted gross income. In other words, a taxpayer with AGI of $1 million would lose the deduction on the first $5,000 of charitable giving. Moreover, for taxpayers in the top 37% tax bracket, the actual tax benefit of itemized deductions, including charitable contributions, is capped at 35%. This effectively raises the after-tax cost of giving for top earners.

Clients may want to consider accelerating charitable contributions before the new rules take effect. Consider the use of donor-advised funds (DAFs) to "bunch" several years of contributions into a single year in order to exceed the 0.5% floor by a wide margin. The new deduction for non-itemizing taxpayers cited earlier ($1,000 for single and $2,000 for joint filers) applies only to direct cash gifts to public charities, not to DAFs or private foundations.

Advisors can help educate small business clients on both the benefits and potential challenges of the bill.



Business Owner and Entrepreneur Planning

For clients who derive a substantial portion of their income from small business ownership, the act presents a number of structural and operational tax opportunities.

Pass-through tax: With the pass-through deduction for qualified business income now permanently set at 20%, advisors can work with a client's CPA to evaluate the advantages of an LLC entity structure compared to an S-corporation. An LLC enables the client to take advantage of the pass-through tax and avoid double taxation (on the business and on personal income).

Capital expenditure deductions: The bill allows full expensing of equipment purchases after January 19, 2025, at 100% rather than depreciating over several years. The goal is to boost small business investment by making large capital expenditures more attractive. Advisors can use modeling systems to help business owners plan their capital expenditures and retirement plan contributions over the next couple of years.

Workforce impacts: Along with business benefits, the bill also presents some challenges for small businesses. Business owners may feel the indirect impact of cuts to federal assistance programs such as Medicaid or SNAP. Employers should be mindful of potential consequences, such as higher absenteeism or reduced productivity due to employee health issues, or higher turnover as workers look for jobs that offer employer-paid health care. Small businesses may have to make up for these cuts.

Family, Education, and Life Planning

Advisors can help young families take advantage of the bill's provisions that affect saving strategies and education planning. Educate clients on their eligibility for "Trump Accounts" and the long-term compounding benefits of early, tax-advantaged saving.

Among other changes, the Saving on a Valuable Education plan, or SAVE, an income-based student loan repayment program, is being phased out. Moreover, the bill sets tighter limits on annual and lifetime loans for graduate student programs. Families will need to rethink their education funding options, which should be factored into their long-term wealth and estate projections.

The Advisor's Strategic Role: From Policy Translator to Planning Partner

The changes to US tax laws are significant and consequential. For advisors, it is a catalyst for client engagement, a chance to demonstrate leadership by serving as the "interpreter of complexity." Consider hosting client education sessions or seminars using visual tools from your wealth management platform. Team up with CPAs and estate planning attorneys to offer integrated advice. Differentiate your offering with a comprehensive approach that encompasses wealth, tax, estate, and business planning.

The One Big Beautiful Bill Act opens a decade-long window of strategic opportunity. Advisors who act early can deliver value to clients and build long-term loyalty, which translates into sustained growth and profitability.

Advisors can help young families rethink education funding and prioritize early tax-advantaged savings.

1. H.R. 1, 119th Cong. (2025), One Big Beautiful Bill Act (enacted as Pub. L. No. 119-21), https://www.congress.gov/bill/119th-congress/house-bill/1
2. Gleckman, Howard, "What Will the Tax Provisions of The Big Budget Bill Really Do?" Tax Policy Center, Urban Institute & Brookings Institution, July 10, 2025 https://taxpolicycenter.org/taxvox/what-will-tax-provisions-big-budget-bill-really-do

Turning Strategy Into Action: The Black Diamond Advantage

SS&C Black Diamond® Wealth Solutions equips advisors to operationalize complex policy changes by providing:

A unified advisor experience with an integrated CRM, client portal, and consolidated reporting for seamless planning and communication

Trust and estate reporting tools that map higher exemption impacts directly to client portfolios and trusts

Tax-aware rebalancing and modeling capabilities which use the Black Diamond Rebalancer and Model Marketplace to support after-tax optimization

Scenario planning dashboards to build and visualize policy-driven strategies across client groups

Client education and communication tools, including branded reports that showcase personalized impact from OBBBA

With Black Diamond, wealth management and trust companies can:

- Create scenario models to demonstrate OBBBA effects
- Integrate tax and estate planning data within client performance reports
- Automate compliance and documentation for strategy adjustments

For more information

To learn how SS&C Black Diamond Wealth Solutions can help you develop, communicate, and implement effective client strategies under the OBBBA, visit sscblackdiamond.com, call 1-800-727-0605, or email info@sscblackdiamond.com.

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