



Deutsche Bank
Wealth Management

Experts In-House:

**Navigating the One Big Beautiful Bill Act: Strategic Insights
for High-Net-Worth Individuals**

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**Navigating the One Big Beautiful Bill Act: Strategic Insights
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Please email questions to:
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The Path

- Tax Cuts and Jobs Act (TCJA): Most provisions of the 2017 Act were set to expire January 1, 2026, triggering a significant income tax increase and a reduction in the Estate Tax Exemption to roughly \$7 million per individual and \$14 million for a married couple.
- The original version of the OBBBA passed the House by a single vote on May 22nd (215 to 214).
- The Senate took it up and approved its own version on July 1st in another single vote win (51 – 50) after Vice President Vance acted as the tie breaker.
- The House picked up the Senate version and approved it on July 3rd after an all-night session. The vote was 218 to 214.
- President Trump signed the bill into law on July 4th.



Income Tax and Deductions

- Lower rates made permanent: 37% on income over \$626,350 Single/\$751,600 Married Filing Jointly (MFJ); 35% on income over \$250,525 Single/\$501,050 MFJ; and 32% on income over \$197,300 Single/\$394,600 MFJ for 2025. Brackets will continue to increase with inflation.
- The increased Standard Deduction made permanent with inflation adjustments going forward: \$15,750 Single/\$31,500 MFJ for 2025.
- Personal Exemption remains repealed.
- Bonus deduction for seniors age 65 or older: \$6,000 phased out at \$75,000 Single/\$150,000 MFJ.
- Charitable Contribution Deduction for 2026 and going forward:
 - Itemizers can deduct charitable contributions only to the extent that they exceed a threshold amount of 0.5% of taxpayer's contribution base (generally *AGI excluding personal **NOLs).
 - Carryforwards are only allowed if the 0.5% requirement is met. The 60% AGI limit for cash gifts to public charities is retained. Non-itemizers can deduct contributions of up to \$1,000 Single/\$2,000 MFJ.



Income Tax and Deductions

- Increased SALT Cap: Raised from \$10,000 to \$40,000 for 2025 with a 1% annual increase in 2027, 2028 and 2029. Reverts to \$10,000 in 2030. The deduction is phased out for those with over \$500,000 in modified adjusted gross income by 30% of the excess, but not to less than \$10,000.
 - *Planning Note: Establishing multiple non-grantor trusts for different beneficiaries in order to multiply the available SALT deduction may be a good strategy, but a cost-benefit analysis should be done.*
 - *Planning Note: The state level Pass-Through Entity Tax (PTET) workaround was preserved. The SALT cap applies to individuals, not to entities. LLCs, S corporations and partnerships may be able to deduct tax paid at the entity level for the benefit of individual owners. 36 states and New York City have enacted differing PTET regimes.*



Income Tax and Deductions

- No tax on tips: Taken as a \$1 for \$1 deduction from income, but the Senate capped the deduction at \$25,000. This benefit phases out for individuals with income higher than \$150,000 and for couples with income over \$300,000 for tax years 2025 through 2028. Tipped workers will still pay state and local income tax and payroll taxes on their tip income.
- No tax on overtime: Deduction for qualified overtime pay of up to \$12,500 Single/\$25,000 MFJ for tax years 2025 through 2028. Phaseout begins at AGI of \$150,000 Single/\$300,000 MFJ.
- Social Security tax reduction: Individuals age 65 and older can claim a \$6,000 deduction from 2025 through 2028.



Income Tax and Deductions

- Automobile loan interest deduction of up to \$10,000 in 2026 through 2029 for purchased autos assembled in US. Completely phased out at \$150,000 Single/\$250,000 MFJ. ***VIN establishes origin.
- Individual clean energy tax credits (residential & vehicle) under the 2022 Inflation Reduction Act largely terminated beginning in 2024 and continuing through 2025, including tax credits for new and used electric vehicles, installation of home EV charging equipment, insulation and energy-efficient heating & cooling systems.
- Child Tax Credit: The current \$2000 child tax credit was set to return to \$1000 in 2026. It will now permanently increase to \$2,200 with adjustments for inflation and phaseouts for high earners. This hotly contested amount ended up at \$300 under the initial House version of \$2,500.
- Miscellaneous itemized deductions permanently suspended.
- Benefit of itemized deductions for individuals in the 37% bracket now limited to a 35% effective rate.



Depreciation including Aircraft

- The TCJA-era provision that allowed for a 100% depreciation deduction for most fixed assets placed in service was permanently extended.
- Elective 100% depreciation for qualified production property (new factories, certain improvements to existing factories and certain other structures).
- Permanent full-expensing for new and used aircraft in business operations with elective 100% depreciation. Without this provision, depreciation on qualifying aircrafts would have returned to a 6-year schedule. For aircrafts to qualify, they must be used at least 50% for business purposes and meet IRS substantiation and documentation requirements. Such requirements include tracking each passenger on every flight, including children over 2 years of age, and the business/personal purpose for each passenger.
- The § 179 deduction cap for depreciable business equipment doubled from \$1.25 million to \$2.5 million with phaseouts starting at \$4 million of total qualifying property, up from the previous \$3.13 million threshold.



Qualified Opportunity Zone Incentive

- Qualified Opportunity Zones (QOZ) reestablished and extended indefinitely.
- Moving forward, investments in QOZs will enjoy a modified version of the original temporary deferral of capital gains taxes, basis step-ups and the exclusion of taxable income on new gains.
- State governors will propose new QOZs every 10 years and certification by the Treasury Secretary will be effective on July 1, 2026 and every 10 years thereafter.
- Stricter rules for QOZ eligibility.
- New rolling-gain deferral and permanent 10% basis step-up: As of 2027, gains invested in the QOZ program will be recognized on the 5th anniversary of the investment date. A permanent 10% basis step-up benefit will take effect after 5 years, unless prematurely triggered via sale or exchange.
- The additional 5% step-up benefit at year 7 is eliminated.
- Investments in the current QOZ program are subject to existing QOZ program gain deferral rules.



Qualified Opportunity Zone Incentive

- New Qualified Rural Opportunity Funds with increased tax benefits: A rolling 30% basis-step up after 5 years (compared to a 10% basis step-up) and a reduced level for “substantial improvement” requiring property improvements exceeding only 50% of adjusted basis (compared to over 100%).
- Gain elimination frozen after 30 years: For investments sold or exchanged before 30 years, the step-up will reflect FMV as of the date of the disposition. If held for 30 years or more, the step-up will be frozen at FMV on the 30th anniversary date.
- New reporting requirements (and penalties for non-compliance): Failure to comply may result in penalties of up to \$10,000 per return, or up to \$50,000 for Qualified Opportunity Funds with over \$10 million in assets. There are harsher penalties for willful non-compliance. Penalties will be adjusted for inflation.
- Most of the new QOZ provisions will take effect after December 31, 2026, which is the end of the existing tax-enhanced investment period and the recognition date for deferred gains under current law.



Qualified Small Business Stock Exclusion

- For QSBS acquired after July 4, 2025, the following changes apply:
 - Tiered-gain exclusion for QSBS originally issued post-OBBA: 50% if held for 3 years, 75% for 4 years, and 100% for 5 years.
 - Raises per-issuer cap to \$15 million, indexed for inflation, and continues to allow for the exclusion of 10 x basis, if greater.
 - Increases aggregate gross asset limitation for issuing corporation to \$75 million, indexed for inflation.
 - Continues treatment as a non-AMT preference item for post-2010 acquisitions.



Trump Accounts

- Allows parents to open accounts for children under 8 years of age starting in 2026.
- Parents and others can contribute up to \$5,000 annually (inflation adjusted) until beneficiary turns 18.
- Grows tax-free until withdrawn but must be invested in a broad stock index fund.
- Account holder may access account after reaching age 18, but only for qualified purposes such as paying for college, starting a business or buying a first home.
- At age 30, beneficiary may access full amount and use for any purpose.
- Distributions for qualified purposes are taxed as capital gain. Non-qualified purpose withdrawals are taxed as ordinary income.
- A federal pilot program provides for a one-time \$1000 contribution for children born between 2025 and 2028. The child must be a U.S. citizen at birth. No income limits or phaseouts.
 - *Planning Note: A 529 plan or other educational fund may provide greater advantages; however, opening a Trump Account for a child eligible for the federal contribution would be prudent.*



Transfer Taxes

- Effective January 1, 2026: Estate Tax Exemption is permanently increased to \$15 million per individual/\$30 million per married couple with portability. Will be adjusted for inflation annually.
- Generation-Skipping Transfer Tax (GSTT) Exemption: Applies to transfers to individuals more than one generation below donor, such as grandchildren. Permanently aligned to move in lock-step with the Estate Tax Exemption. Each individual donor must elect to apply the GSTT Exemption separately because there is no portability between spouses.
- Annual exclusion for gift of a present interest remains as is: \$19,000 for 2025 and will continue to be adjusted for inflation.
 - *Planning Note: Multi-generational planning strategies using Dynasty Trusts may be even more effective than before because there is no risk of reduction and/or claw-back.*
 - *Planning Note: Re-evaluate your estate plan to ensure you are taking full advantage of the exemptions.*
- Estate and Gift Tax brackets and rates stay the same with a maximum rate of 40%.



Estate Plan Review

- Permanency is relative: Periodic review of your estate plan is important to optimize and adapt to future changes in the tax law, including state estate tax.
- Non-tax reasons for estate planning: Creditor protection, special needs, financial and asset management for beneficiaries, business succession planning, promotion of family harmony and legacy, and furtherance of philanthropic goals.
- Basis planning: Optimize use of the Estate Tax Exemption and decrease potential capital gain taxes.
- Review life insurance: Fund lifestyle needs and provide a source of funds for estate tax obligations, especially if the estate has high-value illiquid assets and/or business interests.
- Hold life insurance in a special Irrevocable Life Insurance Trust (ILIT) to avoid exposure of policy proceeds to estate taxes.



Forging Ahead

- The IRS will be working to draft new regulations on the provisions enacted in the One Big Beautiful Bill Act.
- Proactive planning in response to legislative changes is critical.
- The Deutsche Bank Wealth Planning Group is committed to providing you with ongoing support and education on these matters. We work with you and your tax and legal advisors to tailor strategies to your individual circumstances and to implement a state-of-the art wealth plan for you, your family, and your business.



Jacqueline Valouch

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Jacqueline Valouch is the Head of Wealth Planning and Philanthropy for Deutsche Bank Wealth Management based in New York. She leads a team comprised of in-house tax, trust and estate attorneys, and certified public accountants and together, they advise clients in areas such as estate planning, tax planning, life insurance, art collections, philanthropy, and next-generation wealth education, including a focus on international and cross-border wealth planning. They also work closely on the estate and trust administration needs of wealthy families.

Ms. Valouch has over 20 years of experience in the wealth planning area. After nearly a decade in private practice, she joined Fidelity Charitable where, for 15 years, she led a team of charitable planning experts, and advised individuals, families, and their advisors on how to incorporate charitable giving into their long-term planning goals.

Ms. Valouch has been featured as a subject matter expert at numerous conferences and panels on a variety of charitable planning topics. She holds a B.A. from the State University of New York at Albany and a J.D. from New York Law School, where she served as an adjunct professor of law for the LL.M., in Taxation program, teaching Charitable Organizations. Ms. Valouch sits on the Board of Directors for the Armory Foundation, is a member of the New York State Bar Association, Trusts & Estates Law Section, Charitable Planning Committee, is on the Executive Committee of WorkingNation, serves as a Leadership Advisor for Grace Farms Foundation and is also Co-Chair of the Lincoln Center Planned Giving Advisory Committee.

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Francesca Boschini is Director - Head of International Wealth Planning & Head of Insurance Solutions for the Americas at Deutsche Bank Wealth Management. Ms. Boschini is based in New York and is in charge of Deutsche Bank Wealth Management Americas cross-border and international wealth planning practice and of its insurance planning solutions platform. When working directly with clients Ms. Boschini provides technical assistance on wealth planning and insurance planning matters to U.S. and international families. She works to develop and execute solutions for the complex global wealth preservation, estate and insurance planning needs of high-net-worth and ultra-high-net-worth clients.

Ms. Boschini has over 25 years of experience in the wealth planning field. Prior to joining the firm, she worked at RBC Wealth Management for 18 years, as head of its U.S. & International Wealth Planning team and served as a Director on the RBC Delaware Trust Company Board of Directors.

Ms. Boschini earned her civil law degree and was awarded the academic degree of Doctor of Jurisprudence (J.D.) from the University of Bologna School of Law in 1997. She earned her Master of Laws degree (LL.M.) in 2002, specializing in tax and estate planning, from the University of Miami School of Law. She was an honors recipient of the 2000 Garcia-Amador Scholarship and also received the Certification in International Tax from the same university. She has earned the "Trust and Estate Practitioner" designation (TEP) from the Society of Trust and Estate Practitioners. TEPs are internationally recognized as experts in their field, with proven qualifications and experience.

Ms. Boschini is a frequent speaker at international trust and estate planning conferences globally, and has authored several articles published in leading professional journals. She is fluent in English, Italian and Spanish with a working knowledge of Portuguese. Ms. Boschini is an active member of the Society of Trust and Estate Practitioners (STEP), of the Institute for Family Governance (IFG) where she is an Advisory Board Member, with a focus on working with the Next Generation on Family Governance and Wealth Education, enhancing the role of women in finance and fostering the development of young female leaders.

Ms. Boschini has won numerous awards during her career. Most recently, Citywealth awards and accolades including: member of Citywealth's Leaders List, shortlisted for the 2019 Powerwomen award for Best Female Advisors & Managers in the U.S., International Powerwomen Top 100 ranking for 2019, 2020 Powerwomen Editor's Choice Award and New York Bronze Banking Award, Top 20 Women in Private Wealth Management 2020, Top 50 Wealth Management Advisors 2020, Top recommended NY Wealth Management Professional Advisors 2021, Top 100 Global Wealth Management Advisors 2022, Top 100 International Powerwomen 2024. Citywealth's Leaderslist is a peers-led-contest that invites advisors and clients within the global wealth management industry to vote for their top advisors globally.

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Gary Marzolla is a Managing Director in charge of Fiduciary New Business Development for Deutsche Bank Wealth Management in the U.S.

Mr. Marzolla's background is in trust and estates, serving as a Senior Trust Officer for more than 15 years. Prior to joining Deutsche Bank in 1997, he was Director of Marketing and Sales for the Global Trust & Investment Division of Chemical Bank's Private Banking Group prior to the merger between Chemical and The Chase Manhattan Bank, now J.P. Morgan Chase. He began his career at Manufacturers Hanover Trust Company in 1975.

Mr. Marzolla has presented seminars on wealth transfer planning, trust and estate administration and the role of a corporate fiduciary while serving in his positions within personal trust departments. He has held memberships in the Estate Planning Councils of Rockland County, Westchester County and New York City. He has also attended numerous New York State Banking Association schools.

Mr. Marzolla earned his B.A. in History from Fairfield University, his M.B.A. in Finance and Marketing from Fordham University and attended Fairfield University's Graduate School of Education.

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Susan P. Rounds is a Director and Head of U.S. Wealth Planning for Deutsche Bank Wealth Management – Americas.

Ms. Rounds specializes in providing services and solutions to clients in the areas of tax and estate planning, business succession, risk management, philanthropy, family governance, intergenerational wealth transfer, and legacy planning. In a career spanning over 25 years, Ms. Rounds has advised ultra-high-net-worth individuals, families, and privately-held business owner clients during her tenure in Big Eight Accounting, global financial institutions, and private legal practice. Ms. Rounds was inducted into the NAEPC Estate Planning Hall of Fame® Class of '22.

As a national speaker, author, and commentator, her articles have been featured in leading publications such as *Trusts & Estates Magazine*, *The Journal of Practical Estate Planning*, and *The Journal of Private Wealth Management*. Ms. Rounds makes frequent presentations at national seminars and Estate Planning Councils across the country.

Ms. Rounds sits on the Editorial Board for *Opportunity Zone Magazine* and has been named as one of the Top 25 Opportunity Zone Influencers in the country for the past 5 years. She recently joined the Executive Committee for the Los Angeles branch of the Society of Trust and Estate Professionals (STEP) and previously served as a board member for the National Association of Estate Planners and Councils, and as Editor for the NAEPC Journal of Estate and Tax Planning.

Teaching highlights include Federal Estate and Gift Tax at the University of Georgia School of Law, Federal Income Tax and Principles of Accounting at the University of Georgia Terry College of Business, and all sections for the National CPA Examination, including Financial Reporting; Income Tax and Regulatory Reporting; Business Law; and Audit. She also served as a faculty member for the NYU Summer Institute on Taxation.

Formal degrees and designations include a BBA in Accounting, cum laude, from UT El Paso, a Juris Doctor from the University of Georgia, and an LL.M. in Taxation from Emory University School of Law. Ms. Rounds passed the comprehensive four-part CPA exam on the first sitting and is a registered TEP (Trusts and Estates Practitioner) and earned the STEP Advanced Certificate in Cross-Border Estate Planning. Most notably, Ms. Rounds is an Accredited Estate Planner® (Distinguished).

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