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WEALTH STRATEGIES

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The Big Beautiful Bill, passed last month, introduced several tax changes that significantly impact parents. To help you navigate these updates, here's a concise list of key provisions effective in 2025 and beyond, tailored for parents:

Increased Child Tax Credit (Effective: 2025 and beyond)

- ♦ The Child Tax Credit is now \$2,200 per child, offering enhanced support for families.

Other Dependent Credit Made Permanent (Effective: 2025 and beyond)

- ♦ A \$500 credit for other dependents is now a permanent fixture, providing consistent relief.

529 Plan Expansion (Effective: 2025 and beyond)

- ♦ Expanded options for eligible expenses, with up to \$20,000 (previously \$10,000) available for K-12 expenses, giving parents more flexibility for educational savings.

Trump Child Savings Accounts (Effective: 2025-2028)

- ♦ A new tax-deferred savings account for children under 18, with a one-time \$1,000 federal contribution per U.S. citizen child born during this period. Annual contribution limits are \$5,000 (adjusted for inflation post-2027), with employers able to contribute up to \$2,500 per year for employees or their dependents.

American Opportunity Credit, Lifetime Learning Credit, and Student Loan Debt Cancellation (Effective: 2026 and beyond)

- ♦ American Opportunity Credit (AOC). These credits help reduce taxable income for qualifying educational expenses. For the AOC, you must now provide the institution's Employer Identification Number (EIN).

Child and Dependent Care Credit Expansion (Effective: 2026 and beyond)

- ♦ The credit now covers up to 50% of expenses (\$3,000 for one person, \$6,000 for two or more), with higher income phase-down ranges, making it more accessible for working parents.

Adoption Credit Refundability (Effective: 2025 and beyond)

- ♦ The Adoption Tax Credit, up to \$17,280 in 2025, now includes a refundable portion of up to \$5,000 (adjusted for inflation), potentially putting more money back in adoptive parents' pockets.

These changes offer new opportunities for financial planning. Please reach out to discuss how these provisions can benefit your family's tax strategy moving forward or any questions around the Big Beautiful Bill.



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