

## **\$6000 Senior Tax Deduction**

On July 4, 2025, the President signed the One Big Beautiful Bill Act (often called the OB3, OBBBA, or Public Law 119-21). The law has many beneficial tax extensions from the Tax Cuts and Jobs Act of 2017 (TCJA) and ends some other tax benefits.

This update includes the possible deduction of \$6000 for every taxpayer (and spouse) age 65 and older on a tax return. Many taxpayers with higher incomes will not benefit from this deduction due to the AGI phaseout rules. So, before you get excited, keep reading.

## **\$6000 Tax Deduction for Taxpayers Age 65 and Older**

If you will be age 65 or older on December 31, 2025, you have a new opportunity for tax savings. The One Big Beautiful Bill Act created a new bonus tax deduction—available for those 65 years of age or older. For tax years 2025 through 2028, if you are age 65 or older by the end of the tax year you can claim this \$6000 deduction whether or not you itemize. So far so good, but wait, as with every tax law there are hurdles.

### **How Much Can You Deduct?**

If you qualify, you may be eligible for a bonus deduction of up to \$6,000 per person. For married couples filing jointly—where both spouses are age 65 or older—the total potential deduction is \$12,000.

**Important.** If married, you must file a joint return to benefit even when only one spouse qualifies; filing separately disqualifies you.

This bonus deduction is in addition to

- the regular standard deduction (including the additional amounts for those age 65 and older and those who are legally blind)
- itemized deductions if those are greater than the standard deduction

### **Income Limits Apply---Uh oh**

The deduction phases out at a 6% rate for those above certain income levels:

- For single and head of household filers, the phaseout begins at \$75,000 of adjusted gross income (AGI) and fully phases out at AGI of \$175,000.
- For married joint filers, the phaseout begins at \$150,000 of AGI and fully phases out at AGI of \$250,000

**Note:** For someone to get the full tax deduction of \$6000, they will most likely be in the 12% or even possibly in the lower part of the 22% federal tax brackets. So, the maximum tax savings on this would be \$1,320 ( $\$6,000 \times 22\%$ ) per qualified taxpayer if AGI is under the phaseout limits.

**Example #1:** Elmer Fudd, age 70, was a single, friendly but clumsy hunter of “wascawwy wabbits”. He was also semi-retired living off of his Social Security and royalties from selling

Stormy Kromer derby caps. His AGI is \$70,000. Elmer gets the \$6,000 Senior Deduction and



can save up to \$1320 in Federal Taxes.

**Example #2:** Tired of being single and eating frozen dinners, Elmer married Mrs. Fudd who just so happened to own a successful small restaurant known for its rabbit stew. Together their AGI was \$170,000. Instead of getting the full \$6,000 deduction for each of them, or \$12,000, their combined Senior Deduction was only \$10,800 since they exceeded the AGI threshold of



\$150,000 by \$20,000 ( $\$20K \times 6\% = \$1200$  phaseout).

### **Tax Planning Opportunity**

If you are age 65 or older and your AGI (line 11 of the 2024 Form 1040) is close to or slightly above \$75,000 (\$150,000 if married joint) you might think about ways to maximize your deduction. This could include

- Spreading capital gains over multiple years
- Breaking up Roth IRA conversions over time
- Making retirement contributions or deferrals (if still working)

If your income is generally well over the thresholds, there is not much that can be done.