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Highlights of the One Big Beautiful Bill

On July 4, President Trump signed the One Big Beautiful Bill Act (OBGBA) and analysts continue to debate the possible long-term effects of the bill's provisions, but the law is seen as potentially modestly stimulative from a fiscal perspective. Here are a few highlights from the bill:

All Things Taxes

- Changes to how much depreciation on capex spending is allowed, in addition to the now-permanent ability to write off qualifying R&D expenses, may potentially lower the effective corporate tax rate to around 12% – 14%. The statutory tax rate is currently 21%.
- The reduced marginal tax rates first enacted in the 2017 Tax Cut and Jobs Act (TCJA) have been made permanent.
- The Child Tax Credit has been raised to \$2,200.
- Seniors can deduct an additional \$6,000 (expires in 2028). This is meant to cushion the blow of income taxes on Social Security benefits.
- The standard deduction was raised to \$15,750 for single filers and \$31,500 for joint filers (expires in 2028).
- The cap on the itemized deduction of state and local taxes (SALT) from federal taxable income has been raised from \$10,000 to \$40,000, mainly impacting residents of high tax states such as California, New York and New Jersey (expires 2030).

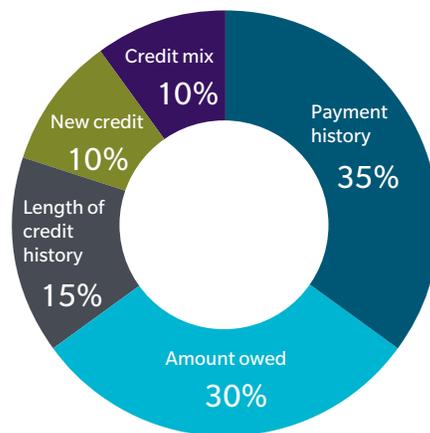
Offsets to Help Limit Deficits

- Funding for the Supplemental Nutrition Assistance Program (SNAP) has been cut, forcing states to bear more of the program's costs.
- Changes have been made to Medicaid eligibility and coverage in Affordable Care Act (ACA) marketplaces.
- Tax credits for electric vehicles and other aspects of the Inflation Reduction Act have been either repealed or reformed.
- Wind and solar will qualify for credits only if placed in service before the end of 2027.

BNPL Now a Part of Your Credit Score

“Buy now, pay later” (BNPL) has become a popular way for online shoppers to finance their purchases. Unlike old-style layaway plans, BNPL allows the buyer to take immediate possession of their purchase rather than wait until payments have been made in full. Offered by lenders such as Affirm and Klarna, these short-term loans are meant to be repaid in installments for periods ranging, for example, from as little as two months (items such as clothing) up to two years (items such as home appliances), sometimes with zero interest. BNPL is a convenient way to pay with borrowed money that isn’t subject to a credit check and isn’t on a high-interest credit card.

Components Used to Calculate FICO® Score



Actions to think about

- Build a history of paying bills on time
- Keep your credit utilization rate below 30% of your credit limit
- Keep your oldest card open
- Don’t apply to multiple credit sources within a few months
- Show you can manage different types of credit

In 2024, BNPL loans started being listed on credit reports issued by the three major credit bureaus — Transunion, Equifax and Experian — but weren’t actually used to calculate credit scores. That changed in June 2025, when FICO announced that it would introduce a new score that incorporates these loans. Whether this development is positive or negative for consumers largely depends on how many concurrent BNPL loans they have and whether payments are made on time. Consumers who are just starting to build a credit history and are prompt with payments may benefit from having BNPL loans included in their score. However, consumer advocates fear that many who buy now and pay later do so out of necessity because they are already credit constrained; for those individuals, having multiple BNPL loans (called “loan stacking”) on their report may limit future opportunities for a car loan or mortgage.

Tips for Protecting Your Credit

- Pay your bills on time.
- Check your credit report annually for discrepancies.
- Make more than the minimum payment to pay down balances quickly.
- Use BNPL loans judiciously and avoid having too many at one time.



IRAs: Don't forget to take your required IRA distribution for 2025

If you were born in 1952 or before, you must take a Required Minimum Distribution (RMD) from your IRA for 2025. IRA owners who reached age 73 in 2024 and elected to defer their first payment had until April 1, 2025, to take their first RMD. IRA owners who will reach age 73 in 2025 must take an RMD for 2025, but it may be deferred until April 1, 2026. If you have other non-Roth IRAs held outside of MFS, your RMD each year is based on the total value of all such IRAs as of the previous December 31st divided by a life expectancy factor. The total amount of your RMD may be taken from one or more of your IRAs.

Each year after the year in which you turn age 73, your RMD must be made no later than December 31st. If you do not take your RMD by the required date, you may be subject to a 25% excise tax on the amount not distributed. This tax is further reduced to 10% if you correct the shortfall during a two-year correction window. MFS is required to report to the IRS all IRA owners who must take an RMD during the calendar year.

To have us calculate the 2025 RMD from your MFS IRA(s), or to request a distribution, please call us at 1-800-637-1255 any business day.

Information Regarding the MFS Heritage Trust CompanySM ("MHTC") Trustee Fees

If you are an MFS Heritage Trust IRA shareholder, then you are subject to an annual trustee fee in the amount of \$25. MHTC assesses this fee based on accounts with a value lower than \$50,000. Your account value is determined by aggregating accounts within the same plan type registered to you. If invested in multiple plan types, you are assessed a fee for each.¹ For account values \$50,000 or greater, the annual fee is waived.

MHTC evaluates accounts for the assessment of the fee in January, April, July and December of each year. Upon assessment, if the value of the aggregated accounts is less than \$50,000, the fee is deducted from your account. If you have multiple accounts within one plan type, a portion of the fee is taken from each (e.g., \$12.50 taken from your traditional IRA and \$12.50 from your Roth IRA, totaling \$25). Although MFS evaluates the value of your account each quarter, the fee is deducted only once a year.

If you prefer to prepay this fee and not have it deducted from your account balance, please send a check for \$25, payable to MFS Heritage Trust Company, to MFSC. Below are the 2026 “trustee fee sweep” deadlines. If you have an existing account as of January 2026, your payment must be received at least five business days before the January 21st deadline to avoid having it deducted from your account(s). If you set up a new IRA at any time during the year 2026, your payment must be received at least five business days before the next deadline.

- January 21, 2026
- April 22, 2026
- July 22, 2026
- December 9, 2026

Contact us

Website

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¹ Accounts within the same “plan type” include a Traditional IRA, Roth IRA or Rollover. An account in a SIMPLE Plan would be considered a separate plan type.

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