

# **2025 OBBBA Tax Guide**

## **for Southern California Physicians, Specialists and Healthcare Professionals**

**Specialized Analysis for Scripps Health, UCSD Health, Rady Children's, Sharp  
Healthcare, Cedars-Sinai, UCLA Health, UCI Health, and CHOC Physicians**

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The OBBBA tax changes represent the most significant tax reform affecting healthcare professionals in decades. For physicians and medical professionals across California, the stakes are too high to wait and see—your ability to preserve wealth, reduce tax drag, and capitalize on time-sensitive opportunities depends on proactive, strategic action now. This guide breaks down what's changed, what's at risk, and how to adapt—before it costs you.

The convergence of enhanced SALT deductions, dangerous new AMT bump zones, student loan system overhauls, and time-sensitive opportunities like clean energy credits creates both unprecedented opportunities and significant risks.

Whether you are caring for patients at Scripps Health, UCSD Health, Sharp Health, UCI Health, CHOC, UCLA Medical Center or Cedars-Sinai Medical Center or providing world-class pediatric care at Rady Children's Hospital, you can decide today to capitalize on these changes and NOT overpay taxes in 2025 – and direct the savings to fund the financial future you envision – and deserve.

## **CRITICAL IMPACT AREAS FOR HEALTHCARE PROFESSIONALS:**

- **SALT Relief:** California's punitive high taxes finally receive meaningful federal relief
  - **AMT Danger Zone:** New thresholds create treacherous "bump zones" for high-earning specialists
  - **529 Revolution:** Dramatic expansion benefits medical families with children
  - **Clean Energy Sunset:** Valuable credits disappear December 31, 2025 - immediate action required
  - **QBI Transformation:** Side practice and consulting income strategies shift dramatically
  - **Student Loan Upheaval:** Programs eliminated, modified and restructured
  - **Bonus Depreciation:** 100% immediate write-offs for practice equipment and build-outs
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## **2025 TAX BRACKETS:**

### **Federal Income Tax Brackets (2025)**

<b>Tax Rate</b>	<b>Single</b>	<b>Married Filing Jointly</b>
10%	\$0 - \$11,925	\$0 - \$23,850
12%	\$11,926 - \$48,475	\$23,851 - \$96,950

<b>Tax Rate</b>	<b>Single</b>	<b>Married Filing Jointly</b>
22%	\$48,476 - \$103,350	\$96,951 - \$206,700
24%	\$103,351 - \$197,300	\$206,701 - \$394,600
32%	\$197,301 - \$250,525	\$394,601 - \$501,050
35%	\$250,526 - \$626,350	\$501,051 - \$751,600
37%	\$626,351+	\$751,601+

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## **SALT DEDUCTION: CALIFORNIA'S BIGGEST TAX WIN**

### **The Game-Changer for Golden State Healthcare Professionals**

**Previous Pain:** The \$10,000 SALT cap devastated California physicians, particularly those in high-tax areas like Los Angeles, Orange County, and San Diego.

**New Reality:** Enhanced SALT caps with annual increases through 2029 provide substantial relief.



### **SOUTHERN CALIFORNIA IMPACT**

#### **Cardiologist at Scripps Health - example:**

- Annual Income: \$525,000
- California state tax: \$48,500

- Property tax (Del Mar): \$35,000
- Total SALT: \$83,500

### Year SALT Cap Allowable Deduction Annual Tax Savings

2024	\$10,000	\$10,000	Reference Point
2025	\$40,000	\$32,500*	\$8,325
2026	\$45,000	\$36,500*	\$9,825

\*After high-income phase-out calculations

## SALT OPTIMIZATION STRATEGIES FOR HEALTHCARE PROFESSIONALS

### Immediate Actions:

- **Defer Q4 bonuses:** Manage phase-out thresholds strategically
- **Maximize 403(b), 457(b) 401k and pre-tax contributions**
- **Coordinate residence, time-share and vacation home property tax payments:**  
Optimize timing across tax years

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## ITEMIZED DEDUCTIONS: NEW LIMITATIONS EFFECTIVE

**JULY 4, 2025**

### OBBBA Introduces New Framework:

- **New system:** 2% reduction based on taxable income for ALL itemized deductions
- **Application:** Every itemized deduction subject to 2% reduction
- **No income threshold:** Applies universally to all taxpayers who itemize

#### **New Charitable Deduction Floor:**

- **0.5% AGI minimum:** Must contribute at least 0.5% of AGI before any charitable deductions
- **Example:** \$400,000 AGI = \$2,000 minimum charitable giving requirement
- **Impact:** First 0.5% of AGI in charitable contributions provides zero tax benefit



#### **SOUTHERN CALIFORNIA PHYSICIAN IMPACT ANALYSIS**

##### **Orthopedic Surgeon at UCLA Medical Center:**

- AGI: \$650,000
- Taxable income: \$580,000 (after standard/itemized deduction)
- Itemized deductions: \$85,000 (SALT + mortgage + charitable)
- 2% reduction:  $\$580,000 \times 2\% = \$11,600$
- **Reduced deductions:**  $\$85,000 - \$11,600 = \$73,400$
- Charitable floor:  $\$650,000 \times 0.5\% = \$3,250$
- **Additional annual tax cost:** ~\$4,500

##### **Family Medicine at Sharp Healthcare (\$180,000 AGI):**

- Taxable income: \$150,000

- Itemized deductions: \$28,000
  - 2% reduction:  $\$150,000 \times 2\% = \$3,000$
  - **Impact:** More modest but still meaningful reduction
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## **ALTERNATIVE MINIMUM TAX: THE NEW CALIFORNIA PHYSICIAN TRAP**

### **Massive Changes Create Dangerous "Bump Zones"**

#### **New 2026 AMT Thresholds:**

- **Single physicians:** \$500,000 (reduced from \$626,350)
- **Married physicians:** \$1,000,000 (reduced from \$1,252,700)
- **Phase-out rate DOUBLED:** Increased to 50%

### **THE SOUTHERN CALIFORNIA PHYSICIAN AMT DANGER ZONE**

#### **Effective Tax Rates in "Bump Zone":**

- **Single physicians:** 42% effective rate (\$500K-\$676K income range)
- **Married physicians:** 42% effective rate (\$1M-\$1.27M income range)
- **Combined with California tax:** Marginal rates approaching **55.3%**



## **QBI DEDUCTION: SIDE PRACTICE TRANSFORMATION**

### **Revolutionary Changes for 1099-NEC Income**

#### **2025 Enhancements:**

- Service business limitation modified specifically for medical practices
- California conformity creates unprecedented planning opportunities
- Pass-through entity tax coordination provides additional state benefits



### **SOUTHERN CALIFORNIA SIDE PRACTICE SCENARIOS**

#### **Scenario 1: UCSD Health Employment + Concierge Practice**

- W-2 Income: \$400,000
- 1099 Income: \$150,000 (concierge practice)
- QBI benefit: Up to \$30,000 deduction
- **Annual tax savings:** \$7,200-\$11,100

#### **Scenario 2: Scripps Health Emergency Medicine + Locum Tenens Work**

- W-2 Income: \$350,000
- 1099 Income: \$100,000 (locum shifts throughout San Diego County)

- Strategy: Structure as separate business entity for maximum QBI benefit
- **Combined savings:** \$6,000-\$9,000 annually

## **QBI OPTIMIZATION CHECKLIST FOR HEALTHCARE PROFESSIONALS**

- ☒ Consult with us to evaluate your entity structure selection
  - ☒ Establish separate business entities for 1099-NEC and side practice work
  - ☒ Plan ahead to optimize the QBI deduction (20%)
  - ☒ Optimize deductions and the use of 100% bonus depreciation
  - ☒ Optimize layered retirement and benefit plans
  - ☒ Income timing coordination to remain below phase-out thresholds
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## **ENHANCED CHILD TAX CREDIT: EXPANDED FAMILY BENEFITS**

### **Major Expansion Starting 2025**

#### **Enhanced Credit Amounts:**

- **Under age 6:** \$3,000 per child
- **Ages 6-16:** \$2,500 per child
- **Age 17:** \$2,000 per child (newly eligible!)
- **Maximum per family:** No limit (previous \$2,000 cap eliminated)



### Income Phase-Out Structure:

- **Married filing jointly:** Begins at \$400,000 AGI
- **Single filers:** Begins at \$200,000 AGI
- **Phase-out rate:** \$50 reduction per \$1,000 over threshold

### SOUTHERN CALIFORNIA HEALTHCARE FAMILY SCENARIOS

#### San Diego Physician, example (\$380,000 married filing jointly):

- Children: Ages 4, 8, 12
- **Credits available:** \$3,000 + \$2,500 + \$2,500 = \$8,000
- **Phase-out impact:** Minimal (well under \$400K threshold)
- **Full annual benefit:** \$8,000

#### Strategic Family Optimization:

- **403(b) contribution:** \$23,500 (reduces taxes, preserves credits)
  - **529 plan contributions:** \$30,000 for all three children
  - **Auto loan deduction:** New vehicle purchase strategy
  - **Clean energy credits:** Solar installation before elimination
  - **Total family tax benefit:** \$25,000+ in first implementation year
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# **AUTO LOAN DEDUCTION: IMMEDIATE CALIFORNIA RELIEF**

## **New 4-Year Deduction Period (2025-2028)**

### **Perfect for Southern California Healthcare Professionals:**

- Long commutes common (Orange County to LA, San Diego sprawl)
- High-end vehicle purchases typical for specialists
- Multiple hospital locations require reliable transportation
- Maximum Deduction: \$10,000 per year – one or more vehicles

## **QUALIFYING REQUIREMENTS**

-  **New vehicles only** (manufactured 2025 or later)
-  **U.S.-assembled vehicles** required
-  **Under 14,000 lbs** (most luxury SUVs qualify)
-  **New loans** after December 31, 2024

## **SOUTHERN CALIFORNIA PHYSICIAN EXAMPLES**

### **San Diego OB/GYN, example:**

- 2025 Tesla Model S: \$95,000 purchase price
- Loan amount: \$85,000 at 4.2% interest rate

- Annual interest expense: \$3,570
- **Tax savings:** \$1,285 (federal) + \$476 (California) = **\$1,761 annual benefit**

#### **Strategic Implementation Timeline:**

- **2025:** Optimal timing for luxury vehicle purchase
- **2026-2028:** Continue benefiting from interest deduction

## **STUDENT LOAN CHANGES: CRITICAL IMPACT FOR MEDICAL PROFESSIONALS**

### **MASSIVE STUDENT LOAN SYSTEM OVERHAUL**

#### **Immediate Changes (July 1, 2025):**

- **Tax-free employer assistance:** Up to \$5,250 per year permanently extended
- **IBR plan expansion:** available for existing borrowers through at least July 1, 2028.
- **Repayment Assistance Plan (RAP)** — new IDR option for borrowers with loans first disbursed on or after July 1, 2026. Allows switching until July 2028

#### **2. Elimination of other plans by July 1, 2028:**

- SAVE, PAYE, REPAYE, and ICR will be phased out, leaving only IBR and RAP as IDR options

#### **3. Beyond July 1, 2028:**

- For **new loans** disbursed from July 2026 onward: only **Standard Plan** or **RAP**.
- For **existing borrowers** with pre-July 2026 loans: IBR or RAP remain options

### **Major Program Eliminations (August 1, 2025):**

- **SAVE, PAYE, and ICR plans eliminated** for all existing borrowers
- All current income-driven repayment plans replaced with simplified system
- **Only two repayment options remain:** Standard plan (10-25 years) and new RAP plan

### **Dramatic Future Changes (July 1, 2026):**

- **PLUS loans eliminated:** No more unlimited graduate school borrowing
- **New borrowing limits:** \$50,000 annually for medical students, \$200,000 lifetime cap
- **Parent PLUS limitations:** Restricted to \$20,000 per child annually
- **Economic hardship deferments eliminated:** Safety net removed

## **NEW REPAYMENT ASSISTANCE PLAN (RAP) - THE ONLY IDR OPTION**

### **RAP Plan Structure (Effective August 1, 2025):**

- **Payment calculation:** 10% of discretionary income above 225% of federal poverty line
- **Minimum payment:** \$10 monthly (no more \$0 payments available)
- **Forgiveness timeline:** Extended to 30 years (increased from 20-25 years)

- **PSLF eligibility:** Maintained for qualifying employment
- **Interest subsidy:** Covers unpaid interest on subsidized loans for first 3 years only

## **SOUTHERN CALIFORNIA MEDICAL PROFESSIONAL IMPLICATIONS**

### **Current Medical Students & Residents:**

- **Existing loans:** Temporary ability to remain on current plans
- **Forced transition:** Must switch to RAP or Standard plan by August 1, 2025
- **Payment increases:** Most borrowers will experience higher monthly obligations
- **Extended timeline:** 30-year repayment adds 5-10 years versus previous plans

### **Example: Internal Medicine Resident, Los Angeles - example:**

- Current medical school debt: \$285,000
- Current SAVE payment: \$156/month (based on \$65,000 resident salary)
- **New RAP payment:** \$310/month (same salary calculation)
- **Impact:** 99% payment increase during residency training

### **Physicians and healthcare professionals with Existing Student Debt:**

- **Mandatory transition:** From SAVE/PAYE to RAP by August 1, 2025
- **Payment shock:** Most will see significant monthly increases
- **Consider:** Have us perform a MFJ vs MFS analysis






## **PUBLIC SERVICE LOAN FORGIVENESS (PSLF) CHANGES**

## **PSLF Program Remains Intact with Key Modifications:**





- **10-year forgiveness timeline:** Maintained for qualifying employment
- **RAP payment qualification:** New payments count toward PSLF requirements
- **Qualifying employers:** Federal, state, local government, 501(c)(3) nonprofits
- **120 payment requirement:** Unchanged for complete forgiveness

## **Critical PSLF Status for Southern California Hospital Systems:**

### **PSLF-Eligible Employment:**

- **UCLA Health:** Public university system =  **QUALIFIES**
- **UCI Health:** Public university system =  **QUALIFIES**
- **UCSD Health:** Public university system =  **QUALIFIES**
- **County hospitals:** LA County+USC, San Diego County facilities =  **QUALIFIES**
- **VA medical centers:** Federal government employment =  **QUALIFIES**






### **Non-PSLF Employment:**

- **Cedars-Sinai:** For-profit hospital =  **DOES NOT QUALIFY**
- **Scripps Health:** Nonprofit but not 501(c)(3) status =  **DOES NOT QUALIFY**
- **Sharp Healthcare:** For-profit hospital system =  **DOES NOT QUALIFY**
- **Private practice groups:** Most independent practices =  **DOES NOT QUALIFY**

# **529 PLANS: REVOLUTIONARY EXPANSION FOR MEDICAL FAMILIES**

## **Massive K-12 Enhancement (Effective July 4, 2025)**

### **New Eligible Expenses:**




-  **Private school tuition** (enhanced annual limits)
-  **Tutoring services** (SAT prep, academic support, test preparation)
-  **AP exam fees** and advanced placement test preparation
-  **Dual enrollment** college courses during high school
-  **Educational therapy** for learning differences and special needs



## **ENHANCED ANNUAL LIMITS**

- **2025:** \$10,000 K-12 expenses per beneficiary
- **2026+:** \$20,000 K-12 expenses per beneficiary (**DOUBLED**)

## **PROFESSIONAL CREDENTIAL EXPENSES (New for Healthcare**

### **Professionals)**

-  **Board certification exam fees** (internal medicine, surgery, radiology, etc.)
-  **CME requirements and courses** (continuing medical education)
-  **Subspecialty certifications** (cardiology, oncology, emergency medicine)

-  **Medical simulation training** and advanced procedural courses
-  **Research methodology programs** and clinical trial training

## **SOUTHERN CALIFORNIA MEDICAL FAMILY STRATEGY**

### **Anesthesiologist, San Diego – example:**

- Annual Income: \$485,000
- Children: Ages 8, 12, 16
- Private school costs: \$45,000 annually (all three children)

### **2025 Optimization Strategy:**

- **529 contributions:** \$60,000 (3 children × \$20,000 each)
- **K-12 distributions:** \$10,000 per child (maximum allowable)
- **Professional development:** \$5,000 for pediatric anesthesia subspecialty board certification
- **Combined tax savings:** \$19,500 (federal + California)

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## **TRUMP ACCOUNTS: GENERATIONAL WEALTH FOR PHYSICIAN FAMILIES**

### **Revolutionary Long-Term Investment Program (Starting July 2026)**



## Key Program Features:

- **Federal government seed contribution: \$1,000** per child born 2025 – 2028
- **\$5,000 annual contribution** per child (no earned income requirement)
- **Employers can contribute up to \$2,500 annually per account**
- **Birth through age 17** eligibility period
- **S&P 500 index investment** exclusively (simplified, low-cost approach)
- **Tax advantaged accounts**
- **Funds can be used for education, starting a business or first-time home purchase**

## **COMPOUND GROWTH ADVANTAGE FOR CALIFORNIA PHYSICIAN FAMILIES**

### Long-Term Wealth Building Example:

- Annual contribution:  $\$5,000 \times 18$  years
- Total family investment: \$90,000 per child
- Projected value at age 18: ~\$175,000
- **Projected value at retirement (age 67): ~\$2.8 million per child**

## **STRATEGIC IMPLEMENTATION FOR HEALTHCARE PROFESSIONALS**

### Pediatricia at CHOC - example:

- Children: Newborn, age 3, age 7

- **Annual Trump Account strategy:** \$15,000 total contributions (3 children)
  - **Estate planning benefit:** Removes future growth from taxable estate
  - **Coordination opportunity:** Layer with enhanced 529 plans for comprehensive funding
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## **OBBBA BONUS DEPRECIATION: UNPRECEDENTED OPPORTUNITY FOR SIDE PRACTICES**

### **Permanent 100% Bonus Depreciation (Effective January 19, 2025)**

**Revolutionary Change:** OBBBA restores 100% bonus depreciation permanently for qualified property acquired and placed in service after January 19, 2025, completely reversing the previous phase-out schedule.






### **Enhanced Section 179 Deduction:**

- **Increased annual cap:** \$2.5 million (substantially increased from \$1.16 million)
- **Combined benefits:** Utilize both Section 179 and bonus depreciation simultaneously
- **Commercial real property:** New 100% depreciation allowance for medical facilities







## **QUALIFYING MEDICAL PRACTICE PROPERTY**

### Equipment & Technology:

-  **Digital imaging systems:** X-ray, ultrasound, MRI equipment
-  **Electronic health records:** Complete software and hardware systems
-  **Medical instruments:** Surgical tools, diagnostic equipment, specialized devices
-  **Office furniture:** Medical-grade desks, chairs, examination tables
-  **Practice vehicles:** Medical transport, mobile clinic equipment

### Facility Improvements:

-  **Build-out costs:** Medical office construction and complete renovation
-  **HVAC systems:** Specialized medical facility climate control systems
-  **Security systems:** Practice protection and patient privacy infrastructure
-  **Specialized flooring:** Medical-grade surfaces and antimicrobial materials

## **SIDE PRACTICE SCENARIOS FOR SOUTHERN CALIFORNIA PHYSICIANS**

### HOAG Dermatologist with Side Practice (Newport Beach):

- Equipment purchases: \$180,000 (laser systems, digital imaging, treatment devices)
- Office build-out: \$120,000 (specialized treatment rooms, reception area)
- **Total investment:** \$300,000
- Traditional depreciation approach: ~\$60,000 first-year deduction
- **OBDDA bonus depreciation:** \$300,000 immediate write-off

- **Tax savings:**  $\$300,000 \times 37\% = \$111,000$  federal +  $\$39,900$  California = **\$150,900 total**

#### **Urgent Care Center – Owner/Physician (San Diego):**

- Medical equipment: \$85,000
  - Practice vehicle: \$65,000 (mobile clinic capabilities)
  - Technology systems: \$35,000 (EHR, telemedicine platform)
  - **Total eligible property:** \$185,000
  - **Immediate tax deduction:** \$185,000
  - **Combined tax savings:** \$74,000+ in first year
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## **COMPELLING REASONS TO START A SIDE PRACTICE IN 2025**



### **UNPRECEDENTED TAX ADVANTAGES CREATE UNIQUE OPPORTUNITY**

#### **1. Bonus Depreciation Advantage:**

- **100% immediate write-off** of all equipment and facility build-out costs
- **No phase-out period:** Permanent benefit under OBBBA legislation
- **Timing advantage:** Start practice, purchase equipment, receive instant deduction

## 2. QBI Deduction Benefits:

- **20% deduction** on qualified business income
- **Service business exception:** Medical practices can qualify under new rules
- **Income diversification:** Separate tax treatment from W-2 employment limitations

## 3. Enhanced Business Expense Deductions:

- **Solo 401k, SEP, cash balance, etc. retirement plans** with tax-deductible employer contributions
- **Professional development:** CME courses, conferences, certifications
- **Business travel expenses:** Medical conference attendance, training programs
- **Home office deduction:** Dedicated practice administration space
- **Professional subscriptions:** Medical journals, online resources, association memberships

## SOUTHERN CALIFORNIA-SPECIFIC SIDE PRACTICE OPPORTUNITIES

### Telemedicine Practices:

- **Low startup costs:** \$15,000-\$30,000 equipment investment
- **Statewide patient reach:** Serve patients throughout California
- **Flexible scheduling:** Coordinate around hospital employment obligations
- **Technology focus:** Maximum equipment qualifying for depreciation benefits

### Concierge Medicine:

- **Premium pricing structure:** High-value services with personalized care approach
- **Equipment requirements:** Office setup, diagnostic tools, patient comfort amenities
- **Professional image investment:** Build-out costs fully deductible under new rules
- **Long-term patient relationships:** Stable income stream development

#### **Aesthetic Medicine:**

- **High-margin services:** Cosmetic procedures, wellness treatments, preventive care
- **Equipment-intensive model:** Lasers, imaging systems qualify for maximum bonus depreciation
- **Cash-based operations:** Avoid insurance reimbursement complications
- **Growing California market:** Health-conscious population with disposable income

#### **Mobile/Concierge Services:**

- **Home visit practices:** Serve busy professionals, elderly patients, mobility-limited individuals
- **Vehicle depreciation:** Medical transport equipment fully deductible
- **Portable equipment:** Mobile diagnostic tools, point-of-care testing
- **Geographic flexibility:** Serve multiple Southern California markets efficiently



## **CLEAN ENERGY CREDITS: FINAL OPPORTUNITY FOR CALIFORNIA PHYSICIANS**

## **CRITICAL DEADLINE ALERT: CREDITS BEING ELIMINATED**

### **Programs Ending December 31, 2025:**

- **Residential solar systems:** 30% federal credit completely eliminated
- **Electric vehicle purchases:** \$7,500 federal credit terminated
- **Home energy efficiency:** Various credits sunset permanently
- **Battery storage systems:** Substantial credits disappear

## **SOUTHERN CALIFORNIA PHYSICIAN ACTION PLAN**

### **Immediate 2025 Opportunities (Final Year):**

- **Solar installation:** 30% of total system cost (potential \$20,000+ credit)
- **Electric vehicle purchase:** \$7,500 federal credit (Tesla, luxury EVs) \* income limits
- **Home battery storage:** Additional substantial credits available
- **Heat pump systems:** Enhanced energy efficiency credits

### **Cardiologist, San Diego – example:**

- Solar system installation: \$65,000 total cost
  - **2025 federal credit:** \$19,500 (30% of system cost)
  - **2026 credit availability:** \$0 (program eliminated)
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## ESTATE PLANNING: MASSIVE EXEMPTION

### ENHANCEMENTS

#### Enhanced Federal Estate Tax Exemptions (2025-2032)

##### Dramatically Increased Exemption Amounts:

- **2025:** \$15 million per person (\$30 million married couples)
- **2026:** \$16 million per person (\$32 million married couples)
- **Annual increases:** Inflation-adjusted through 2032
- **Gift tax coordination:** Same exemptions apply to lifetime gifting strategies



#### SOUTHERN CALIFORNIA PHYSICIAN ESTATE PLANNING REVOLUTION

##### Previous Limitations vs. New Opportunities:

- **Previous exemption:** ~\$12 million per person
- **New exemption capacity:** \$15+ million per person
- **Additional planning opportunity:** \$3+ million immediate capacity increase
- **California advantage:** No state estate tax (unlike New York, other high-tax states)



#### MULTI-GENERATIONAL WEALTH STRATEGIES FOR HEALTHCARE

### PROFESSIONALS

**Cardiovascular Surgeon at Cedars-Sinai (\$2.5M current net worth, age 45):**



- **Projected retirement wealth:** \$15M+ based on current savings trajectory
- **Strategy enhancement:** Front-load gifts to children and grandchildren
- **2025 opportunity:** \$15M exemption vs. previous \$12M limitation
- **Implementation approach:** Establish sophisticated trust structures, systematic gifting program

## **ADVANCED ESTATE PLANNING TECHNIQUES**

### **Grantor Retained Annuity Trusts (GRATs):**

- **Medical practice interests:** Transfer future growth to beneficiaries
- **California real estate:** Capture property appreciation for heirs
- **Investment portfolios:** Transfer market gains outside taxable estate

### **Charitable Remainder Trusts (CRTs):**

- **Highly appreciated assets:** California real estate, technology stocks
- **Income stream provision:** Support during high-earning physician years
- **Tax advantages:** Immediate charitable deduction, deferred capital gains

### **Dynasty Trust Structures:**

- **Generation-skipping benefits:** Enhanced exemptions allow larger transfers
- **California-friendly jurisdictions:** Nevada, South Dakota trust structures
- **Multi-generational impact:** Benefit children, grandchildren, great-grandchildren



## INCOME-SPECIFIC STRATEGIES BY PHYSICIAN TIER

### **Tier 1: \$150K-\$300K (Residents, Family Medicine, Some Specialists)**

#### **Priority Implementation Strategies:**

1. **Maximize 403(b) contributions** (\$23,500 + \$7,500 catch-up if 50+)
2. **Auto loan deduction** for necessary vehicle purchases (2025-2028 window)
3. **529 front-loading** for children's future education expenses
4. **Clean energy credits** before December 31, 2025 elimination
5. **Enhanced child tax credits** with strategic income management
6. **Bonus depreciation** for any practice equipment or side business

### **Tier 2: \$300K-\$500K (Most Specialists, Some Surgeons)**

#### **Advanced Optimization Strategies:**

1. **SALT deduction optimization** with sophisticated income timing
2. **QBI deduction maximization** for any 1099 consulting income
3. **AMT planning** to avoid dangerous bump zones starting 2026
4. **Estate planning acceleration** utilizing enhanced exemptions
5. **Advanced 529 strategies** including professional development expenses
6. **Student loan optimization** considering PSLF vs. aggressive payoff

### **Tier 3: \$500K+ (Senior Specialists, Surgeons, Department Heads)**

## Comprehensive Wealth Management Integration:

1. **Multi-entity business structures** for maximum tax efficiency
  2. **Advanced estate planning** with trust structures and generational wealth transfer
  3. **Alternative investment strategies** coordinated with tax planning
  4. **Charitable giving optimization** addressing new 0.5% AGI floor
  5. **Executive compensation planning** managing stock options, deferred compensation
  6. **Geographic arbitrage opportunities** for retirement and tax planning
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## Final Thoughts

The OBBBA tax changes represent the most significant tax reform affecting healthcare professionals in decades. The convergence of enhanced SALT deductions, dangerous new AMT bump zones, student loan system overhauls, and time-sensitive opportunities like clean energy credits creates both unprecedented opportunities and significant risks.

The window for optimal tax planning is here. Clean energy credits disappear December 31, 2025. Student loan programs undergo massive overhaul in August 2025. New itemized deduction limitations take effect July 4, 2025. AMT bump zones create dangerous tax traps starting in 2026. Each of these changes requires specific strategic responses that must be coordinated with your overall financial plan.

The complexity of coordinating hospital employment, potential side practices, student loan optimization, family tax planning, and long-term wealth building requires the integrated expertise that only strategic tax planning + comprehensive financial planning + flawless year-end tax preparation can provide.

If you're a physician juggling your finances, you don't have to navigate it alone.

### **Ready for Strategic Tax Clarity?**

At **Cobalt PacWest | CPAs & Tax Advisors**, we specialize in *strategic tax planning*, *tax compliance*, *CPA-level comprehensive financial planning*, and *advisory services* tailored for physicians, medical specialists, and healthcare families committed to minimizing taxes and building a secure financial future.

Whether you're navigating the complexities of hospital employment, managing side practice income, optimizing student loans, planning for your family's financial legacy, or growing long-term wealth—our integrated approach combines:

- **Proactive tax strategy**
- **Comprehensive financial planning**
- **Flawless year-end tax preparation**

...to help you align today's financial decisions with tomorrow's goals.

**Feeling uncertain about your current financial path—for yourself, your family, or  
your business?**

**Wondering if there's more you could (and should) be doing to reduce taxes and  
accelerate progress toward the life you've envisioned?**

**Let's talk.** Schedule a complimentary 45-minute consultation with us. We'll take the time to understand your unique needs—and help you move forward with confidence, clarity, and care.

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