

## ‘Big Beautiful’ Legislation – Selected Benefits Items

---

July 15, 2025

---

**PRACTICES** Employee Benefits and Executive Compensation

---

Employers should be aware of several permissive employee benefit changes included in the One Big Beautiful Act (the “**Act**”), that was signed into law on July 4, 2025. Many of these provisions extend or modify prior COVID-19 relief or provisions in the Tax Cuts and Jobs Act of 2017 (“**TCJA**”). While most of the changes are not effective until January 1, 2026, employers should address required plan amendments and be prepared to implement these changes beginning next year.

- The Dependent Care FSA annual contribution limit will increase to \$7,500 for married couples filing taxes jointly (\$3,750 to individuals who are married filing separately).
- The Act permanently extends the safe harbor for telehealth services offered through a high deductible health plan before participants have met their deductible. Employers can continue to offer first-dollar coverage for telehealth services to participants without affecting such participants’ HSA eligibility.
- Employers may continue to pay or reimburse qualified student loan payments up to \$5,250 per year (indexed for inflation) on a tax-free basis under qualified education assistance plans.
- “Trump Accounts,” tax-advantaged savings account for children under the age of 18, may be offered as an employee benefit. Employers may contribute up to \$2,500 per year per child annually (indexed for inflation), subject to additional rules in Section 530A of the Internal Revenue Code regarding contributions, distributions, and investments. The contributions and earnings in the Trump Accounts will grow tax-deferred, similar to a traditional IRA.
- Employers must include all members of a controlled group, if applicable, when determining the covered employees of a public company during a tax year for purposes of the Code Section 162(m) executive compensation deduction. The \$1,000,000 deduction limit must also be allocated among any of the controlled group members in proportion to how much each member paid the affected covered employee.
- Employer tax credits for paid family and medical leave under the TCJA have been made permanent. In addition, the Act expands the definition of “qualifying employee” to include those who have been employed for six months.

The text of the One Big Beautiful Bill Act can be found [here](#).