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5 Ways the "One, Big Beautiful Bill" Could Affect Seniors

BY EDWARD CATES, CHAIRMAN, TSCL

In recent months, few pieces of legislation have generated as much attention—or as much controversy—as the "One Big Beautiful Bill Act," or OBBB for short, which President Trump signed into law on July 4th. Many seniors are wondering what this massive, almost 1,000-page package means for them. While it encompasses a wide range of proposals covering everything from taxes and energy to immigration and defense, seniors should be attentive to its specific impact on Medicare, taxes, and healthcare savings.

Some provisions offer financial relief, like expanded tax deductions and increased flexibility for Health Savings Accounts. Others, however, raise serious concerns about the long-term stability of Medicare and access to services.

In this article, we'll break down the most important ways the OBBB affects older Americans.

This Issue

Extend the 2017 Tax Cuts

One of the most important provisions of the OBBB is that it would extend most of the tax cuts passed in 2017, during President Trump's first term. This will preserve the current tax federal tax brackets, which the previous bill lowered, and standard deductions, which the previous bill raised.

This obviously has large implications for seniors. Although many seniors, especially those who rely mostly or entirely on Social Security, pay little to no federal taxes, those who do would pay more if their tax brackets and standard deductions returned to pre-2017 levels because the bill did not pass. That would have meant less income in seniors' wallets every month.

The OBBB will even expand the 2017 tax cuts in some areas. For example, take the State and Local Tax (SALT) exemption. The bill would increase the amount of state and local taxes Americans can claim on their itemized deductions from $10,000 to $40,000, providing relief for seniors in high-tax states. The new threshold will take effect in 2025, increase by 1 percent per year, and revert to the current $10,000 in 2030.

Provide Seniors With Tax Relief

On the campaign trail, President Trump proposed eliminating the taxes seniors pay on their Social Security benefits. While the OBBB doesn't accomplish that completely due to rules surrounding the reconciliation process, it does provide tax relief specifically for seniors and comes close to doing so.

The bill has a $6,000 tax deduction for taxpayers aged 65 and older that they can take on top of the standard deduction, which is $15,000 for single filers in 2025. For married couples filing jointly, both spouses can take the senior deduction. The deduction starts to phase out when a person's adjusted gross income is $75,000 or higher for single tax filers, or $150,000 for couples who file their taxes jointly. It will expire at the end of 2028.

According to a press release from the Social Security Administration, the new senior deduction will ensure that nearly 90 percent of seniors no longer pay federal income taxes on their Social Security benefits. For many seniors, especially those who earn enough to pay taxes on their benefits (until now, at least) but still struggle to get by, the provision will provide relief as soon as the next tax season.

Expand Access to Health Savings Accounts

Health Savings Accounts (HSAs) are a tax-advantaged savings account for qualified medical expenses, designed for people with only high-deductible health plans (HDHPs). And under current policy, it's virtually impossible for seniors to contribute to them because Americans are automatically enrolled in Medicare Part A when they reach age 65, which removes their eligibility.

The OBBB will address this issue by allowing seniors who are enrolled in an HDHP and Medicare Part A to contribute to HSA plans. Other restrictions around contributing to HSAs and using the funds they hold still apply, but the law's HSA expansion will provide additional resources for seniors who continue working after becoming eligible for Medicare.

Further Restrict Medicare and Medicaid Eligibility for Noncitizens

U.S. law already did not allow for anyone living in the country illegally to receive Medicare benefits. To be eligible for Medicare, you must:

- be at least 65 years old, have a disability, or suffer from a specified medical condition
- be a U.S. citizen or lawful permanent resident for at least 5 consecutive years

- have at least 10 years of work history.

However, some states use their own money to help undocumented immigrants get health coverage. Under the OBBB, states that continue to cover undocumented immigrants will face penalties to their Medicaid funding, with the amount determined by how much coverage the state provides. The OBBB also mandates additional oversight of states by the Centers for Medicare & Medicaid Services (CMS).

Potentially Cause Future Reductions to Medicare

The nonprofit Congressional Budget Office projects that the OBBB will raise the U.S. national debt by approximately $3.4 trillion over 10 years. That's a lot of debt, and when the bill comes due, it could have a big effect on federal benefits programs without congressional action.

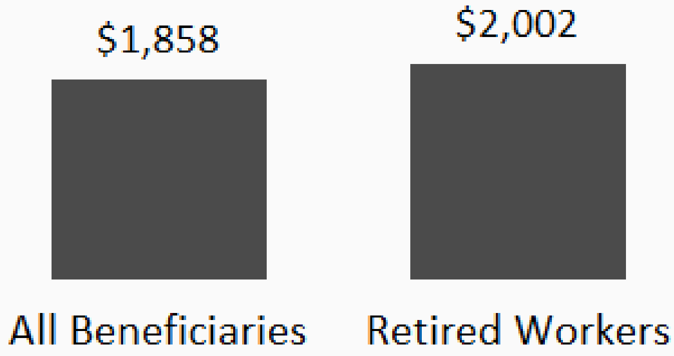
Medicare's long-term funding could potentially be at risk. According to the Congressional Budget Office, this increase to the national deficit would trigger a mechanism called sequestration, which would reduce Medicare's funding by an estimated $490 billion between 2027 and 2034. Congress could pass further legislation to make up for the funding, but of course, that runs the risk of leaving seniors' healthcare on the hook while Congress gets the job done.

COLA Watch

What will your benefits look like next year?

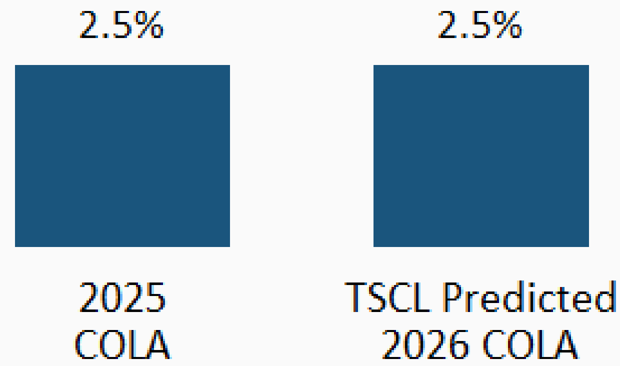
Average Social Security Benefit:

as of June 2025



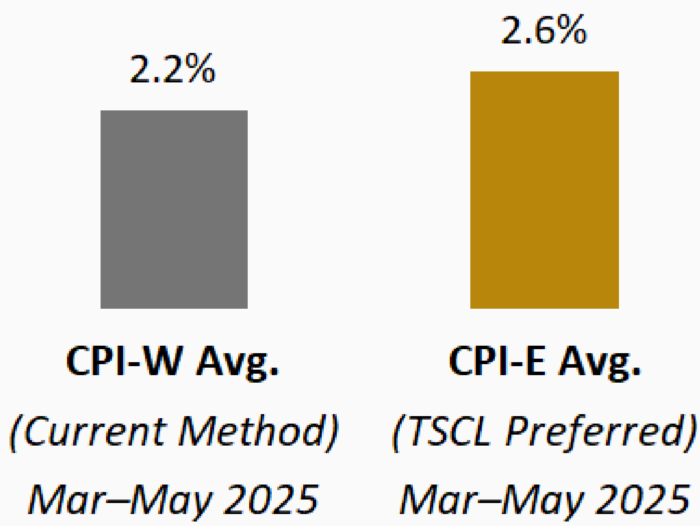
The 2026 COLA will be announced in

3 Months



Here is how your COLA would look

if it were calculated today



Take a deep dive here.

New TSCL Study Finds Deep Dissatisfaction With Social Security Benefits

BY ALEX MOORE

According to the 2020 Decennial Census, the government estimated that the U.S. population includes about 55.8 million seniors. A new study from TSCL, the 2025 Senior Survey, available for free here, estimates that 39 percent of them depend on their Social Security benefits for 100 percent of their monthly income. That means Social Security is the only thing keeping about 21.8 million American seniors afloat.

Unfortunately, afloat is far from thriving. The study, which surveyed 1,920 American seniors and used demographic data to match the sample's representation to the U.S. senior population for more accurate estimates, found that more than half of seniors (57 percent) get by on $2,000 a month or less. Even worse, 13 percent get by on less than $1,000 a month. For reference, the average rent for a 1-bedroom apartment in the U.S. was $1,327 in May 2025, according to Zillow.

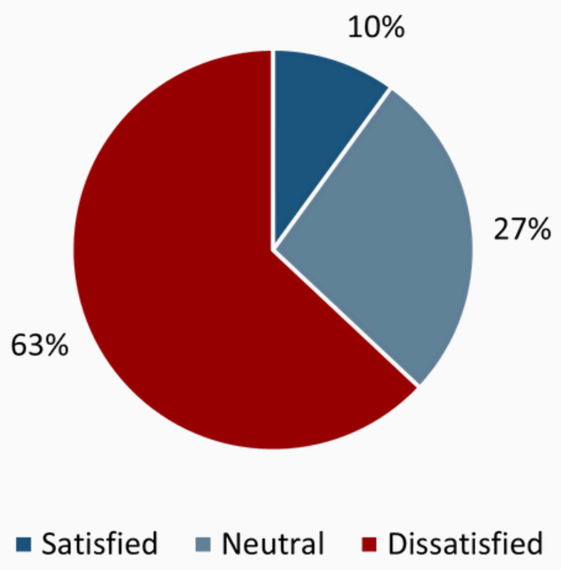
It's perhaps unsurprising, then, that seniors expressed frustration with their benefits. In total, 63 percent said they were dissatisfied with the amount they received in their monthly Social Security checks. Meanwhile, only 10 percent said they were satisfied.

The COLA for 2025, which came in at 2.5 percent to raise benefits to match inflation that occurred in 2024, was a major point of contention. A whopping 94 percent of seniors said they felt the last COLA was too low, and their benefits grew more slowly than inflation, and 80 percent estimated the inflation they experienced in 2024 was 3 percent or higher.

"The data in this study shows what seniors have been telling TSCL for years: Social Security checks aren't keeping up with inflation," said TSCL Executive Director Shannon Benton. "If four in five seniors think inflation was higher than the government estimate, maybe we should stop questioning their experiences and start questioning why the COLA is failing to measure them."

In the survey, seniors called on the government to prioritize benefit reform. Nearly all, 95 percent, said that Social Security and Medicare

Seniors' Satisfaction With Their Monthly Social Security Checks



should be a top priority for the presidential administration and Congress. The top individual reform, favored by 68 percent of respondents, was eliminating the limit on how much income is subject to Social Security payroll taxes. Americans don't pay additional taxes into Social Security on any income above $176,100 in 2025. According to Benton, the threshold is "currently just a loophole that lets wealthy Americans pay less than their fair share into Social Security."

Social Security Administration Rolls Out 3 New Changes to Reduce Fraud

BY ALEX MOORE

In the last few months, the Social Security Administration (SSA) has prioritized reducing fraud, waste, and abuse. That's government speak for cutting inefficiency and corruption. Recently, the agency has rolled out three new changes to improve legal access to benefits while mitigating fraud risks.

Online Social Security Number Access

Traditionally, the best proof of your Social Security Number (SSN) was your printed Social Security card. However, that's soon to change. This April, the SSA rolled out a new feature that enables Americans to securely view their Social Security account online for reasons other than handling Social Security matters, such as identity verification.

Seniors will be able to access the digital version of their Social Security card through their **my Social Security** account, which is the SSA's portal for managing and accessing benefits. In the press release making the announcement, the SSA described this new digital access feature as a means to "provide the American public with a modernized, secure, and accessible alternative to the traditional Social Security card."

According to the SSA, the digital Social Security card will provide several benefits for seniors. First, seniors who misplace their Social Security card or forget their SSN will be able to access their document without having to set up an in-person appointment or waiting for a replacement in the mail.

They will also be able to load the digital Social Security card onto their mobile devices. Also, the agency says Americans moving to a secure digital Social Security card will reduce the risk of lost or stolen cards becoming involved in fraud.

Cracking Down on Illegal Immigrants' Access to Benefits

The SSA has announced several new measures to ensure that it only pays benefits to people who have earned them, while cracking down on fraudulent payments to illegal immigrants and other ineligible people. The agency is operating under the direction of a presidential memorandum released on April 15, titled "Preventing Illegal Aliens from Obtaining Social Security Act Benefits."

Following the instructions laid forth in the memorandum, the SSA will take several actions to stop ineligible people from obtaining Social Security benefits. They include:

- Expanding the SSA's resources for prosecuting fraud

- Increasing scrutiny on the earnings of people 100 years or older with mismatched records.
- Considering the reinstatement of fines for people and organizations who misrepresent themselves or misuse their benefits.
- Reinforcing program integrity measures for noncitizens.

Introducing Anti-Fraud Screening to Support Expanded Phone Support

As of this April, the SSA allows seniors to complete all their benefit claims over the phone. This expanded service will reduce seniors' need to visit a Social Security office in-person to manage their benefits, but it also introduces new risks for fraud. To mitigate these challenges, the SSA has implemented new tools to screen phone claims for fraud.

When someone calls the agency, the new anti-fraud technology screens for suspicious activity by analyzing patterns and anomalies in the caller's account. If it detects any irregularities, it stops the process and asks the person to come to an SSA field office for identity verification to continue their claim.

Moving forward, seniors should expect additional changes that improve their ability to manage their benefits at home while strengthening anti-fraud measures. The SSA has obligated $16.5 million to modernize its telephone services nationwide.

Withholding on Overpaid Benefits Increases to 50% in a Blow to Seniors

BY ALEX MOORE

Getting overpaid on your Social Security benefits might sound like a nice surprise, but it can create a challenging situation. Even if you didn't notice the overpayment, you're on the hook to return the money. After the Social Security Administration realizes what happened and notifies you, you only have 90 days to file a waiver before the agency starts withholding money from your monthly benefit checks to claw back the overpayment.

Until just a few years ago, the default withholding rate—the percentage of your benefit checks that SSA would withhold until it recovered its overpaid funds—was 100 percent. The Biden administration lowered that figure to just 10 percent in 2022, providing relief to seniors, but the new Trump administration has brought about even more change. It initially returned the default withholding rate all the way to 100 percent in March, before lowering it to 50 percent again in April following public backlash.

While a 50 percent withholding rate might sound fair, in practice, it can be a brutal policy for seniors.

Take a couple in West Palm Beach, Florida, for example. In 2024, Kat Conner and Jim Lehfeldt told their local NBC station that the SSA had notified them that they had been overpaid by approximately $81,000 over four years, even though they hadn't realized it. Under the new policy, the couple will only receive 50 percent of their monthly benefit checks until the outstanding amount is

repaid. If we assume a typical baseline benefit check of $2,000 (mostly because it makes the math easy, but also a realistic number), it means the couple is losing out on basically $1,000 of income per month. That's a life-changing amount of money.

While we at TSCL understand that the SSA needs to recover overpayments, we're calling for new policies that don't punish seniors for the government's mistakes. Our first preference would obviously be to eliminate Social Security overpayments entirely, rendering the problem moot. However, that's unlikely, so we're calling on the Presidential administration and Congress to show mercy by not just lowering the default withholding rate, but extending the period before withholding begins from 90 days to 180 days so seniors have time to make contingency plans.

So, what can you do to prevent yourself from receiving overpayments from Social Security and having future benefits withheld to make up the difference? According to the SSA, the most important step you can take is reporting any major life changes, such as changes to your income, resources, and living arrangements, to the agency as soon as possible. This helps ensure the agency can accurately input your information into its benefits formula and, by extension, make accurate payments.

Medicare Advantage Terminology

BY SUSAN STEWART, LICENSED INSURANCE AGENT

When I speak with Medicare beneficiaries, I notice a lot of confusion around the meaning of certain words and phrases related to Medicare Advantage plans. Let's clear a few things up.

Copay vs Co-Insurance

A copay is the flat amount you can expect to pay for a medical service. For example, your copay could be $0 to see a Primary Care Doctor and $45 to see a specialist. It could be $350 a day for days one through six of inpatient care. Your copay is predetermined by your plan and something you can expect to pay up front.

Coinsurance, on the other hand, is your responsibility to pay a percentage of the entire bill. If your CPAP machine costs $150 a month to rent, you would be responsible for $30 a month. That's 20 percent of $150, which is a normal co-insurance for durable medical equipment.

Where it gets tricky is with in-network versus out-of-network coverage. With some plans your in-network copay for inpatient hospital care could be $350 a day for days one through six. However, if you go out of network, you could be responsible for 40 percent coinsurance on the entire bill.

The financial ramifications of that are massive. Paying attention to where in your plan you would have copays or co-insurance is an important detail and one to consider when choosing health insurance.

HMO vs HMO-POS vs PPO

An HMO is a type of healthcare plan that requires you to stay in your network for your medical expenses to be paid. With an HMO, you must have a referral via your primary care provider to see a specialist. Typically, HMOs offer richer benefits, lower maximum out-of-pocket expenses, and lower copays than other options. In return, you must be diligent about staying in your network.

An HMO-POS is a hybrid between HMO and PPO. Most plans don't require specialist referrals, but you still must stay in your network.

A PPO can be easier to use than an HMO or HMO-POS in certain circumstances. You don't need a referral to see a specialist, and you can opt for care outside of your plan's network. The tricky part of a PPO is being aware of your out-of-network responsibility. If your in-network specialist has a copay of $45, but an out-of-network Specialist has a copay of $65, that's acceptable. However, if your out-of-network specialist has a co-insurance of 40 percent you're looking at a much larger responsibility. The freedom to go out of network can also mean a higher maximum out-of-pocket expense. It could be $5,000 if you stay in network, but if you go out of network, it could be $9,000 for in-network and out-of-network combined, just as examples.

Get YOUR Copy of the 2025 Senior Survey Report!

Discover what matters most to older Americans in 2025. The Senior Citizens League's annual *Senior Survey* gathers vital insights from thousands of older adults across the country. It answers questions about the state of Social Security, Medicare, prescription drug costs, retirement security, and more.

Thanks to our supporters (like you!), TSCL was able to publish a full report on important research for the first time in 2025. The report is now available for **free!** TSCL will distribute it to lawmakers and the media to share what American Seniors are going through and promote data-driven, seniors-first policy.

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