



Post-Election Reflections: What a Trump Presidency May Mean for You

As the dust settles after the 2016 presidential election, and the country absorbs what for many was a shocking result, economists, market analysts, and political pundits alike are weighing in on how a Trump presidency might change Wall Street, Main Street, and the lives of Americans.

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On the campaign trail, some of president-elect Trump's most common themes were trade policy reform, more stringent immigration laws, the repeal and replacement of the Affordable Care Act (ACA), and across-the-board tax cuts. Whether he will hold true to any of his campaign promises is yet to be determined, but the Republican majorities that the election solidified in both houses of Congress may help to strengthen his chances of pushing through his legislative agenda.

While inauguration day is still several weeks away, here are some key Trump initiatives that you are sure to hear more about in the coming months.

Taxes

Trump's tax plan calls for wholesale reform, including paring income tax brackets from the current seven down to three brackets, essentially eliminating the estate tax as it currently exists, and increasing the standard deduction for individuals and married couples who do not itemize deductions. On the flip side, the plan Trump is calling for an elimination of the personal exemption for taxpayers and their dependents as well as the head of household filing status.¹ Further, in an attempt to incentivize U.S. companies to keep their business operations -- and jobs -- here at home as opposed to moving abroad, he has also proposed slashing the corporate tax rate from 35% to 15%, while also eliminating most business-related deductions.²

Regulatory Reform

In tapping Wall Street insider Steven Mnuchin as Treasury secretary, Trump gains the perspective of a newcomer to Washington politics who has said one of his top priorities will be to simplify parts of the landmark Dodd-Frank Wall Street Reform and Consumer Protection Act that came about in the wake of the 2008 financial crisis. Of particular interest to Mnuchin is the Volcker rule provision -- a centerpiece of the law -- which is aimed at trying to stop banks from betting with deposit-insured funds.³ According to Mnuchin, "The number one problem with the Volcker rule is it's way too complicated and people don't know how to interpret it. So we're going to look at what do with it, as we are with all of Dodd-Frank," he commented.³

In keeping with the theme of regulatory reform, it is widely expected that a Trump presidency will involve scrutiny of federal regulations across a range of industries such as banking and financial services -- including the newly enacted Department of Labor fiduciary standard rule that will require investment advisors and others who provide advice to investors in retirement accounts to put their clients' best interest before their own profits. Other industries that may face regulatory rollbacks include health care, energy, and technology.

Trade Reform

President-elect Trump ran on a platform whose motto was "Make America Great Again." One catalyst behind that promise is Trump's plan to bring back manufacturing jobs -- and the middle class incomes they provided -- that have been lost over the past several years due to growing trade deficits, among other factors. Trump has vowed to renegotiate and/or eliminate trade deals such as the controversial Trans-Pacific Partnership (TPP) and the much maligned North American Free Trade Agreement (NAFTA) and to charge hefty tariffs on imports from China and Mexico.

Health Care

In naming six-term Republican congressman Tom Price as his administration's Health and Human Services secretary, Mr. Trump has validated his promise to "repeal and replace" the Affordable Care Act. Not only is Rep. Price a vocal opponent of the ACA, he also has a comprehensive plan for replacing the law that he has presented to Congress multiple times since 2009. Price's bill, "Empowering Patients First Act" would repeal the ACA and offer in its place age-adjusted tax credits for the purchase of individual and family health insurance policies. Among its other features, the bill would create incentives for individuals to use health savings accounts, offer grants to states to help support "high-risk" populations, and allow insurance companies to sell policies across state lines.⁴

According to *The New York Times*, "Mr. Price's intimate knowledge of Medicare could serve him well. The secretary of health and human services sets Medicare payment policies for doctors and issues rules that can have a huge influence on the practice of medicine."⁴

Family Benefits

During the campaign, Trump made the controversial proposal of offering guaranteed paid leave for new mothers. He also called to make childcare expenses tax deductible up to the average cost per state, regardless of whether individuals itemized deductions on their tax returns. The new tax benefit would apply to individuals earning less than \$250,000; double that income threshold for married couples.¹

Elsewhere on the family front, Trump has proposed dependent care savings accounts. Contributions of up to \$2,000 per year would be tax-deductible and would

grow tax-free. The assets could be used to pay for child care, education, or other enrichment programs. As an incentive to lower income families, the government would "match" \$500 on the first \$1,000 contributed by the family.¹

Retirement

While both candidates vowed to protect Social Security and Medicare during the hotly contested presidential campaign, the demographic realities facing these entitlement programs is real. The millions of baby boomers who used to support Social Security and Medicare as workers are now retiring, increasing the country's financial obligations significantly. It is estimated that the payout for these programs is set to approximately double within the next eight years.⁵

While this is by no means a new challenge, it is one that will demand the full attention of the next president as he works with his team of advisors and Congress to broker a solution.

Wait and See

Clearly there is a lot at stake in the next four years for the economy, the financial markets, and the country as a whole. With little to no detail of Trump's policy positions revealed during the campaign, all eyes are on his picks for cabinet-level positions and top advisory roles -- key indicators that can offer glimpses into the potential direction he plans for the country.

For now, the nation is in a wait-and-see mode as the new administration takes office and sets about the work of implementing its plans. Stay tuned for details as they unfold.

¹CNBC, ["Trump's plan to help middle class using child-care tax breaks."](#) December 1, 2016.

²Forbes, ["President Trump: What Does It Mean For Your Tax Bill?"](#) November 9, 2016.

³*The Wall Street Journal*, ["Trump Treasury Choice Steven Mnuchin Vows to 'Strip Back' Dodd-Frank."](#) November 30, 2016.

⁴*The New York Times*, ["Tom Price, Obamacare Critic, Is Trump's Choice for Health Secretary."](#) November 28, 2016.

⁵*Time*, ["What Trump's Win Means for Your Wallet."](#) November 9, 2016.