

Preparing for a New Administration

(Original article prepared by WealthCounsel. Used by permission, edited and modified by James W. Garrett, Esq.)

Risks And Opportunities For Your Clients Under President-Elect Trump

A new Presidential administration can bring sweeping changes in the tax codes, new rules for how wealth is taxed, and a litany of other legal and regulatory changes. As a result of Donald Trump's electoral victory on November 8th combined with Republican majorities in the House and Senate, we expect there will be significant changes starting on January 20, 2017, when Mr. Trump takes office.

Your clients may be feeling a bit of anxiety right now about their financial future, and they are depending on you, their trusted advisor, to be on top of any upcoming changes so they can minimize risk and exploit opportunities. We, too, are watching carefully, and in the weeks and months ahead we'll be sharing the latest updates and information you need to help your clients make informed decisions about their estate plans.

In the meantime, taking a proactive approach with your clients in light of the election (including a review of their current tax, financial, and estate plans) will go a long way toward building trust and setting your clients at ease.

We'll go into more detail momentarily, but here's a quick overview of what we know so far:

- The Trump Administration wants to lower taxes, including a possible repeal of the estate tax.
- But Congressional Republicans have their own agendas regarding taxes, which will probably cause some give-and-take as the final proposals take shape.

Let's take a closer look at each of these factors.

Donald Trump's Proposals

Donald Trump has proposed across-the-board reforms in the tax codes, and while he promises to close up some loopholes, the general trajectory of his proposals is toward lowering taxes overall.

You can find the details of his tax plan on his website, but the most pertinent points are:

- Lowering income tax rates across the board, including significant raises to the standard deductions

- Reducing the number of individual income tax brackets from 7 to 3, with a maximum tax rate of 33 percent (down from 39.6% today)
- Reducing the business tax rate from 35 percent to 15 percent
- Eliminating the estate tax.

Remember that any change to the tax laws requires Congressional approval and won't happen automatically. In spite of Republicans being in control of the Presidency and Congress, there will still be negotiation and compromise reflected in the "final" tax law that comes out of Washington. And remember, the rules are only "final" until the government decides to change them.

Recommendations, assuming President-elect Trump's agenda is put into law:

- **Recommend cautious optimism.** The elimination of the estate tax in particular is likely to be welcome news to your higher net worth clients, but the proposal may be subject to opposition or compromise in Congress. This compromise could range from a "sunset" provision to gradual phase-in or something else entirely. We'll have to wait and see.
- **Stress the continued need for smart estate planning.** Although taxes have long had top billing in communications about estate planning, the real reasons for planning remain, no matter who is in the White House and Congress. This includes planning for medical or financial decisions during incapacity, directing your financial legacy to your intended beneficiaries, asset protection, and more.
- **Stay tuned for updates.** As tax reform starts being fleshed out in Washington and ultimately enacted, we will provide recommendations on how to advise your clients.

What to do in the meantime

While we wait for Inauguration Day, there's one big thing to focus on to provide the best service to your clients - begin scheduling reviews now.

Between now and when President-elect Trump becomes President Trump, your clients should avail themselves of our services to determine how to make the most of existing rules before they are (likely) changed, and how to adapt to any changes once they occur. Again, the best way to calm anxiety in your clients is by taking a proactive stance. Reach out now to recommend a review of your clients' current financial and estate plan, if not by the end of the year, then certainly within the first quarter of 2017.

No one knows exactly what the future holds, but it's fair to say that significant changes to income taxes, estate taxes, and the overall regulatory environment are coming. Change is really the only certainty. The good news is that change doesn't have to be a negative. By being proactive and adapting, you can continue to help your clients build their wealth while growing your own business. As noted author and leadership expert John C. Maxwell reminds us: "Change is inevitable. Growth is optional." As a trusted financial advisor, you have the ability to lead your clients toward financial growth, even during the uncertainty that naturally comes with a change of government.



We are here to help

As for your own support system, know that we are staying current with the latest developments of the new Congress and President. As new tax policies are proposed and eventually implemented, we will keep you updated with the latest information and strategies to help you provide your clients with useful estate planning insights. If you have any questions or concerns in the meantime, don't hesitate to contact us. We are here for you and your clients.

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