



# 2020 US Elections and Personal Tax Considerations

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Our Head of Equities, Stephen Dover, and Fiduciary Trust International Managing Director, Craig Richards, consider the US elections' possible impacts to personal taxes. Both a "blue wave" or another Republican administration may encourage taxpayers and investors to start their 2021 tax planning now.

As we draw closer to 2021, it is worth considering how your personal income and estate taxes may be potentially impacted by a Democratic Party "blue wave" win of both the US presidency and Congress.

I recently spoke with Craig Richards, Managing Director of Tax Services at Fiduciary Trust, who shared his thoughts about possible personal income tax changes and implications related to the 2020 US elections. We discussed many areas affecting investors, including:

- **Democratic proposals could reverse parts of the 2018 US Tax Cuts and Jobs Act (TCJA), which would likely change top ordinary income tax rates** from the current 37% to 39.6% for taxpayers with incomes over \$622,050 if married and \$518,400 if single. The proposal includes the elimination of the income cap on Social Security taxes on earned income above \$400,000. This would increase the marginal tax rate to 45.8% on high income individuals.
- **We think that under a Democratic regime, the SALT limitation could be repealed.** "SALT" taxes (e.g., state, local, foreign, and real estate taxes) are deductible up to \$10,000 per tax return as part of the TCJA. A repeal would make all SALT taxes deductible.
- **It may make sense to convert traditional IRAs to Roth IRAs** considering the current tax laws and the potential to have higher tax rates in the future.
- **We do not believe that we'd see very many income tax changes under a Republican administration. However, one proposal by President Trump is to further reduce long-term capital gain rates to 15%.** We also believe he is interested in making permanent the various changes brought about by the TCJA that are scheduled to expire after 2025.

In addition to the 2020 US elections, there are also proposed changes to capital gains and estate taxes that would affect investors. And of course, the pandemic remains of great concern as it is affecting some taxpayers in unexpected ways. For more, listen to "Quick Talks: 2020 US Elections and Personal Tax Considerations" with Craig Richards.

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