



DECODING TAX REFORM

Advising the Advisor

Friday, 14 September 2018



Upcoming Webinar:

**Strategies for Success: Decoding Tax Reform: The PPLI
Opportunity for Producers**

Join us on **Tuesday, September 18th at 11am ET** for a discussion about the private placement life insurance (PPLI) market and how it can be a tool for producers to help their clients. We are fortunate to be joined by **Ken Foley, Senior Vice President, Agency Distribution at Lombard International**; **Michael Mingonelli, President of Pinnacle Financial Group (M Financial)**; and **Eric Naison-Phillips, Principal at Winged Keel (M Financial)**. They will share their insights on the PPLI marketplace, including the type of client that can benefit from these products as well as insights on marketing these solutions.

[Register Here](#)

Beyond the Headlines



House and Senate negotiators reached a deal on three more appropriations bills for FY 2019. The fiscal year for 2018 ends September 30th. Appropriators are working to fund as

much of government as they can and planning a continuing resolution till December 7th to complete any remaining spending bills. President Trump is the wild-card with respect to funding for the border wall. Republican leaders in Congress are persistently working to persuade him that progress is underway and that now is not the time for a shutdown fight.

The Countdown Clocks:

- House Legislative Days till 9/30 = 5
- Senate Legislative Days till 9/30 = 9
- Days till the 2018 Elections = 53

Tax Reform 2.0

Building on last year's Tax Cuts and Jobs Act (TCJA), the House Ways and Means Committee met Thursday for a markup on the three-bill Tax Reform 2.0 package. The package includes the **Protecting Family and Small Business Tax Cuts Act**, which makes permanent many expiring individual and business tax cuts from TCJA; the **Family Savings Act of 2018**, which expands opportunities to access retirement plans by including some key provisions from the Retirement Enhancement Savings Act (RESA)—including open MEPS; and the **American Innovation Act of 2018**, which allows new businesses to write off much of their start-up costs. Democrats focused on the deficit concerns, the closed legislative process, and the TCJA's \$10K State and local tax (SALT) deduction limit. Republicans talked about the economic benefits of the bill and noted that business optimism is high. The Committee advanced the first two measures by partisan votes of 21-15 and 21-14, while the third was favorably reported by a voice vote. The bills are expected to be considered on the House floor the week of September 24th.

View the section-by-section summaries of the bills here:

Protecting Family and Small Business Tax Cuts Act of 2018

Family Savings Act of 2018

American Innovation Act of 2018

- [New Tax Bills to End Some RMDs, Make Cuts Permanent \(Think Advisor\)](#)

One bill in the three-bill package, The Family Savings Act of 2018 (H.R. 6757), includes some provisions from the RESA. It would make it easier for businesses to offer retirement savings plans and for employees to participate, removes barriers for small-businesses in coming together in a multiple employer plan (MEP), and ends required minimum distributions for 401(k) plans with balances under \$50,000. While the legislation includes some provisions from RESA, it left out other key provisions like the lifetime income disclosure requirement and the annuity safe harbor.

- [Blue-state Republicans say they will vote against 'tax cuts 2.0' if it extends SALT cap \(The Hill\)](#)

Blue-state Republicans represent a hurdle to the passage of Tax Reform 2.0. Four Republicans who voted against the TCJA last year urged party leadership to remove the TCJA limit on SALT deductions from the follow-up tax reform push. However, House Ways and Means Chairman Kevin Brady (R-TX) has defended the SALT deduction limit, and so far no blue-state Republican who voted for the TCJA has announced an intention to reverse their position, so it should not ultimately affect the chances for passage in the House.

- [House GOP is pushing a new round of tax cuts that could cost \\$2 trillion over 10 years \(Washington Post\)](#)

As Republicans work on Tax Reform 2.0, analyses across the political spectrum have found that making expiring TCJA provisions permanent could ultimately add more than \$2 trillion

to the federal deficit. The Joint Committee on Taxation (JCT) estimated that the House Republican's plan would add about \$630 billion to the deficit by 2029. A Tax Foundation analysis found that the annual cut in revenue would add up to \$2.4 trillion to the federal deficit over the 10-year period starting in 2027. And the Center for Budget and Policy Priorities (CBPP) found that between 2029 and 2038, the loss of revenue could reach as high as \$3.4 trillion. Regardless, the Senate is unlikely to consider this legislation this year.

Upcoming Events

- **Strategies for Success: Decoding Tax Reform: The PPLI Opportunity for Producers** | September 18, 2018 | 11am Eastern | Ken Foley (Lombard), Michael Mingoelli (M Financial) & Eric Naison-Phillips (M Financial) | [Register Here](#)
- **Strategies For Success: Decoding Tax Reform: After the Apocalypse: Indexed UL Product Development After AG49** | October 16, 2018 | 12pm Eastern | Stephan Mitchell (Pacific Life), Karen Joyner (LifeTrends), & David Lear (LifeTrends) | [Register Here](#)
- **WIFS 2018 National Conference: Come see Suzy Jacobs, Senior Vice President of Business Development & Marketing, speak on the Leading the Way: An Industry Perspective panel.** October 24 - 26, 2018 | Use promo code **AALU18** when registering to receive the WIFS member rate. [Register Here](#)



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