



DECODING TAX REFORM

Advising the Advisor

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Beyond the Headlines



The Senate continued advancing government funding legislation this week, passing spending bills for four more departments. The House is expected to vote on the package next week, which also includes a Continuing Resolution (CR) through December 7th. Provided that vote is successful, Congress will have passed 9 of 12 spending bills on-time. The CR will ensure there is no government shutdown next week. After the November midterms Congress will have to finish up work on Homeland Security, Commerce-Justice-Science, and State and Foreign Operations.

While President Trump is always the wild-card and he has criticized the lack of border wall funding in the package, the combination of the CR with the Defense spending bill makes a veto very unlikely.

As the campaign season enters the final stretch, signs are increasingly pointing to a Democratic takeover of the House. Senate Majority Leader Mitch McConnell (R-KY) said last week that the many distractions from President Trump were making it difficult for Republicans to have a coherent message focused on the economy, and Republicans leaders want Trump to sound the alarm about the Democratic threat. However, the Senate map remains difficult for Democrats. Veteran analyst Charlie Cook explained this week that it was always plausible, but difficult, for Democrats to take the Senate, and the landscape has not really changed.

The national environment points to two divergent historical precedents – as it has all year. If the election is decided based on current economic indicators, Republicans will do well. However, if the election is decided based on President Trump (or almost any other issue), Democrats will do better. This is the frustration for Republican leaders, who recognize the difficulty their members have in driving an economic message between the Democratic onslaught and all the other distracted conversations.

Tax Cut Effects

- [Democrats in key House races push against tax deduction cap \(AP\)](#)

Candidates on both sides of the aisle understand that taxes will be a key issue for voters in November. Democrats in high tax States like New Jersey, New York, and California are focusing their midterm messaging on the potential harm of the new \$10,000 limit on SALT deductions. Those three States alone have about a dozen competitive House races, which makes up roughly half of the number Democrats need to retake the House.

- [Internal GOP Poll: 'We've Lost the Messaging Battle' on Tax Cuts \(Bloomberg\)](#)

A survey commissioned by the Republican National Committee came to a disappointing verdict for Republicans: voters do not believe the tax law will help average Americans. The

results of the study showed that 61% of Americans believe the new tax law benefits large corporations and rich Americans over middle-class families. While the majority of responding Republicans believe it helps the middle class more, both Democrats and independents overwhelmingly believe the benefits skew towards the rich.

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Complete Survey Here

Upcoming Events

- **Special Webinar: Tax reform 2.0, your business, and AALU's transformation** | October 15, 2018 | 2:30pm Eastern | Marc Cadin, CEO, David Byers, President | [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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