



## Tax Policies of Presidential Candidates

September 16, 2020

Taxes are a critical part of most financial decisions. They're also a hot topic for elections, and this year is no exception. Below is a high-level comparison of the proposed tax policies of President Trump and former Vice President Joe Biden that could affect individual taxpayers. We encourage you to review the full policies of all the candidates.

Note: The Tax Cuts and Jobs Act (TCJA) of 2017 included many of President Trump's tax initiatives—some of which are set to expire in 2025. If re-elected, his primary tax objective will likely be to make these provisions permanent. As such, President Trump hasn't introduced many new proposals as part of his re-election campaign. But he has offered ideas on several tax topics, which we've incorporated into the chart. More information about his policies may be released at a later date.

Additionally, the information in this chart is current as of the date it was written and is subject to change without notice. There are no guarantees that any of the proposals will be enacted into law regardless of the election outcome.

<b>President Trump</b>	<b>Current Tax Law</b>	<b>Former Vice President Joe Biden</b>
Enact 10% middle-class tax cut, potentially lowering the 22% marginal rate to 15% for individuals with income over \$40,125 (\$80,250 married filing jointly)	<b>Individual Tax Rates</b> 37% top marginal rate for individuals with income over \$518,400 (\$622,050 married filing jointly)	Raise top marginal rate back to 39.6% for income over \$400,000
Index capital gains for inflation and reduce top capital gains tax rate to 15%	<b>Capital Gains Tax Rates</b> 20% top tax rate for individuals with income over \$441,450 (\$496,600 married filing jointly)	Tax capital gains and qualified dividends at 39.6% for taxpayers earning more than \$1 million
Extend higher lifetime exemption amount	<b>Estate and Gift Taxes</b> Lifetime exemption of \$11.58 million per person (drops to \$5.79 million in 2026)  Step-up in basis of appreciated property transferred at death	Lower lifetime exemption to approximately \$3.5 - \$5 million per person  Eliminate step-up in basis on appreciated property transfers at death  Possibly increase estate tax rate and capital gains tax payable upon death



<b>President Trump</b>	<b>Current Tax Law</b>	<b>Former Vice President Joe Biden</b>
Extend higher standard deduction and other deductions created by the Tax Cuts and Jobs Act of 2017	<p><b>Tax Deductions</b></p> <p>Standard deduction of \$12,400 for individuals (\$24,800 for married filing jointly)</p> <p>Various itemized deductions available, subject to certain rules and limitations</p>	Limit itemized deductions to 28% of adjusted gross income
Forgive 100% of Social Security payroll taxes deferred from September 1, 2020 to December 31, 2020	<p><b>Social Security Payroll Taxes</b></p> <p>Current 12.4% tax is split between employers and employees</p> <p>Wages above \$137,700 not subject to Social Security payroll taxes</p>	Subject wages below \$137,700 and above \$400,000 to Social Security payroll taxes
Enact a tax credit program that would provide up to \$5 billion in tax credits annually for individual and corporate donations to certain not-for-profit scholarship-granting organizations	<p><b>Education</b></p> <p>No tax credit for contributions to certain not-for-profit scholarship-granting organizations (might be tax deductible as a charitable contribution)</p> <p>Forgiven student loan debt included in taxable income</p>	Exclude forgiven student loan debt from taxable income
Extend the \$2,000 child tax credit set to expire after 2025	<p><b>Child Tax Credits</b></p> <p>Child tax credit worth up to \$2,000 (\$500 for other dependents)</p> <p>Maximum \$1,200 child and dependent care credit</p>	<p>Raise the child tax credit to \$8,000 per child, up to two children, for taxpayers with income up to \$125,000 (Full phase-out of credit for income over \$400,000)</p> <p>Expand child and dependent care credit to include a \$5,000 tax credit for family caregivers tending to people with physical/cognitive disabilities</p>

### Planning for Year-End and 2021

Our tax planning specialists have extensive knowledge of federal and state tax laws. They can help you identify the steps you can take before December 31 to mitigate your 2020 tax liabilities. They can also help you evaluate your current tax strategy to create a plan that can be “switched on” if any of the above proposals come to fruition. Contact a Cerity Partners advisor or visit [ceritypartners.com](http://ceritypartners.com) to learn more.

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