



FINANCIAL PERSPECTIVES



Former Vice President Joe Biden's Proposed Tax Plan

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Data by:



With every Presidential election, candidates typically campaign on some type of tax reform and this upcoming election is no different. The following is a summary of the current and proposed tax policies of President Trump and Democrat candidate Biden as it relates to individual taxation.

Individual Income (highest bracket):

Trump (current): 37%

Biden (proposed): 39.6%

Capital Gains & Dividend Tax (highest bracket including 3.8% Obamacare tax)

Trump (current): 23.8%

Biden (proposed): 43.4%

Employee Payroll Tax (highest bracket):

Trump (current): 1.45% for Medicare; 6.2% OASDI (Social Security) capped at \$137,700 in wages

Biden (proposed): 1.45% for Medicare; lift 6.2% OASDI (Social Security) wage base cap on earnings in excess of \$400,000.

Below are a few of the potential tax strategies that should be discussed with your tax professionals to consider for protecting your Financial Plan should Biden win the Presidency and Congress repeals to the TCJA law of 2017.

- Maximize contributions to Roth IRAs and/or Roth 401(k)s if available thru employer-sponsored plan
- Accelerate realized capital gains in 2020
- Defer realized capital losses into 2021
- Postpone year-end charitable gifts or Qualified Charitable IRA Distributions into 2021
- Re-locate or change domicile to a tax-friendly state
- Explore Roth IRA conversions in 2020 for those with large IRA balances and desire a pool of tax-free funds upon distribution



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