



A Short Webinar Series Presented By

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1) Elections and Investing

- a. Regardless of which party is in office the companies you are invested in are still profit driven and will continue to grow which will benefit your investments.
- b. Over the long run it has not mattered which party was in office, the stock market has continued to rise. We tend to put a lot of weight on which party is in office and give much more credit and blame to them for how the economy is doing. In reality there are many things that have an effect from trade negotiations and global politics to droughts and pandemics.
- c. How could your taxes change if Biden wins the election? Well one proposal from Biden is a change to Social Security taxes. Currently you pay Social Security taxes on any income you make up till you reach an income of \$137,700 and any income above this does not pay Social Security taxes. Biden's proposal calls for any income over \$400,000 to also pay Social Security taxes.

Biden has also called for the top income tax bracket to go from 37% back to where it was prior to the Tax Cuts and Jobs Act at 39.6% for people making over \$518,401 if they are filing single and \$622,501 if they are married filing jointly.

Biden also proposes a change to how capital gains and dividends are taxed for people in the top tax bracket. Currently capital gains and dividends are taxed at favorable rates of 20%. Biden would remove the favorable taxation and tax them as ordinary income at their income tax rate of 39.6%.

Finally, Biden would also seek to expand the Earned Income Tax Credit. This would give anyone who is earning income but falls below the poverty line a bigger tax credit and decrease their taxes. In the end if you make less than \$400,000 a year and are above the poverty line you are unlikely to see a change in your current taxes.

- d. Personal income taxes are not the only proposed change. The Tax Cuts and Jobs Act brought the corporate income tax down from 35% to 21%. Biden would seek to increase the corporate tax rate to 28%. He would also require a minimum tax for companies that max \$100 million of annual profits, eliminating some of their current tax deductions.
- e. Estate taxes could also see a change under a Biden presidency. Currently the exclusion amount, or how much you can pass on to others estate tax free, is approximately \$11

million. Biden would reduce it to closer to where it was prior to the Tax Cuts and Jobs Acts at approximately \$5.5 million. Biden would also get rid of the step-up in basis that inherited assets receive.

- f. It is important to remember that these are all proposed changes to the tax laws that may or may not get passed into actual law. Currently if no changes take place the current tax laws are set to expire in 2026, increasing everyone's taxes.

2) Things to Focus On

- a. There are many things that we spend our time focusing on that are just out of our control. Instead focus on what we actually have control over. Answer questions such as am I saving enough, am I properly invested to reach my goals, am I being as tax efficient as I can be? These are all things you can directly change and will have a significant impact on your life.

3) Put Into Action

- a. Vote! The president is not the only office up for election, so make sure your registered and ready to vote for who you would like to represent you.
- b. If you are making over \$400,000 a year, it is time to get a plan in place. Your situation may be changing and its always better to be prepared.
- c. Sit with a financial planner to run tax projections to see how you might be affected.
- d. Have a strategy for how you are going to be invested over the long run. Your "gut" is not a good strategy.

