Ep73: Implications of Biden's Tax Proposal: The American Families Plan

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PATTI BRENNAN: Hi, everybody. Welcome to the "Patti Brennan Show." Whether you have $20 or $20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives. Joining me today is Bill Cass. Bill is the director of wealth management for Putnam Investments.

Bill and I were having a fascinating conversation. Probably more like sleep therapy for a lot of you, but we were talking about President Biden's tax proposal.

Bill brought up a few things that I thought would be really important to share with all of you because there's a lot of misinformation, a lot of rumors in terms of what's actually in this proposal. It's really important that you know, what is and isn't there to do your planning appropriately. Bill, thank you so much for joining us today. Welcome to the show.

BILL CASS: Patti, thanks so much. I'm really excited. Again, thanks for having me on.

PATTI: You got it, absolutely. No, thank you, because wow, that conversation we had was fascinating.

Here's a question for you. When we were talking, this proposal is very different than what Biden ran his campaign on. What's actually in it versus what did he talk about in his campaign?

BILL: I think Patti, the proposal we're talking about, just so everybody's clear, is the American Families Plan. This was the latest large proposal coming out of the White House. Yeah, I guess the good news, Patti, is it wasn't as onerous or as negative as some of the tax provisions that were being discussed during the campaign season. That's the good news.

For example, there was a lot of talk that taxes were going to go up for people with over $400,000 in income. That wasn't clear on whether that was individuals or married couples, but that was the threshold.

There was talk about the state law changes to the gift and the estate tax. Then there was actually some talk about increased payroll taxes, at least for some higher-income folks. This is subject to change, but at this point, none of those things happened.

What they did, Patti, in terms of the income tax increases, they took a look at the top tax bracket, which is 37 percent and that kicks in at about 525,000 for individuals and 625 for couples. What they're proposing is reverting back to the rate that was in place before the 2017 tax law. Going from a 37 percent tax rate at the top end to 39.6.

Again, if they talked about a $400,000 floor and we just didn't see that. At this point, they've taken the estate and gift tax changes off the table in terms of lowering what we call the annual exclusion amount. The amount you can either gift while you're living or leave, pass in terms of property you get death without being subject to federal gift and state taxes.

PATTI: OK, that is a big deal. Let's break this down a little bit, because there's a lot there. First of all, on the increase in the rate, what I think is important that everybody hear, in terms of what you said, was that right now that top rate doesn't hit, let's say joint filers until they're earning $625,000. It's just on the excess over that amount.

BILL: Correct.

PATTI: What they're going to do is they're going to flatten that bracket, if you will. From $400,000 and above, that's when you're getting hit with that 39.6 percent. It's not just the extra 2.6 percent over and above incomes of 625. They're adding that extra $225,000 and hitting that as well. Right?

BILL: No, that is what was proposed during the campaign, but that's not exactly what we saw happen. If you look at the tax brackets today, all they're doing is changing the 37 percent bracket to 39.6. That's all that's been proposed at this point.

PATTI: Well, you know what…

BILL: None of the other brackets are changing. There's a 35 percent bracket and a 32 percent bracket and so on and so forth. None of the other brackets are changing. I guess the good news is, if I was a married couple making, maybe a little bit more than 400,000. Unless we have income above, actually 628,000, this proposal, let his hands out, would not affect me.

PATTI: There you have it right there. Here I am a Certified Financial Planner, I am going nuts reading absolutely everything that I can about this new tax proposal and I read differently. There you hear it from the expert, Bill Cass. For those of you who are listening, keep listening, because there are additional things that are out there that are just not true, at least in this proposal.

BILL: Patti, if I could say, the ultimate caveat, what we're talking about, tax is subject to change.

Of course, as we know, permanent tax law is an oxymoron. It doesn't exist. It's always fluid in some respect or another. We could see changes that changed that tax structure, but this is where we stand, what we know right now from the proposal that was introduced by the Biden Administration.

PATTI: The other thing that you brought to light was all of the draconian changes in estate tax law. Reducing the amount that we can leave to anyone or the next generation, leaving that dollar amount, or reducing that dollar amount from $11.7 million down to $3.5 million.

On top of that, changing the amount that you can gift during your lifetime from that same number, $11.7 million down to $1 million per person, that's it. That's all you can gift over and above that $15,000 number. That is not in this proposal.

I'm curious. Can you explain to our listeners and people watching today why did they remove that, because that feels like it goes along with, "We're going to have the wealthy pay their fair share"? How come they removed that part?

BILL: It's certainly a policy objective of the Democratic caucus and the Democratic leadership. A couple of things. First of all, I was pretty skeptical that we would see a proposal bringing it down to $3.5 million on the lifetime estate exclusion, and $1 million on the gift.

In my mind, I thought a floor was going back to the numbers in place prior to the 2017 tax law changes, which would have been, let's call it $5.5 or $6 million, maybe a little bit more if you've been taking the impact, inflation adjustment.

I was skeptical that we were going to go down as low as $3.5 million. I've been wrong before, I'll be wrong again, but what we're hearing from some of our key contacts in Washington was that they looked at it and they said, "Do we want to fight this political battle?" I mean "we," meaning the Democratic leadership and their caucus.

"Do we want to fight this political battle of addressing the estate tax where, you know what, we might not have full support amongst the Democrats in the senate, for example? If you look at it, the numbers are slated to revert back to the pre 2017 numbers anyways after 2025."

From a political standpoint, they looked and said, "What's the cost benefit of this? The numbers are going to change anyways, so why are we going to expend political capital potentially to try to go in that direction?" That's where everything shook out.

PATTI: It's interesting. It's very important that you and I pause here for a moment and recognize that whether it be Democrat or Republicans, etc., what is the goal here? The goal here is to do some things with our nation that need to be done. It is the roads, the bridges, the infrastructure, the electric grid. These things do need to be fixed.

I got to tell you guys, two weeks ago, Bill, I was driving to work and I hit a pothole, and my tire blew. I'm thinking, "Gosh, will they fix these darn roads for crying out loud?" There are a lot of things that do need to be done to make our country safer. The supply chain, what happened with pandemic? We couldn't get cotton swabs and things of that nature.

Those things do need to be changed. That's on the one end. On the other hand, I'm also reminded of something that Winston Churchill said. He said, "We contend that for a nation to tax itself into prosperity is like a man standing in a bucket trying to lift himself out by the handle." That doesn't make sense.

If I may say, and again, this is the other side of the argument. I'm not saying one is right, or the other one is right, we are the wealthiest nation in the world. We have trillions. Is it $200 trillion, is it $300 trillion of net worth in this nation?

Yes, we have rising debt, yet we are still the wealthiest nation in the world. Does it make sense for the government to tax the wealthy, tax our citizens to this extent? I'm throwing that out there. How do we solve these problems that do need to be solved in a logical way that's fair for everybody?

BILL: Patti, back in the Dark Ages decades ago when I was a freshman in college, my economics professor said, "There's no such thing as a free lunch." It's great to have these spending priorities, and that there's a lot of infrastructure needs.

There's other spending priorities around education, healthcare, and paid family leave, which are all very positive things, but there has to be some revenue on the other side to pay for it. I look at the big picture, and anecdotally, I look at it, it's almost like…Patti, have you been to one of those diners that has a million things on the menu?

PATTI: Yeah.

BILL: Got this huge menu, right? We've all. They could serve breakfast 24/7. I think of that in terms of tax and spending policy.

On one side, you have all these spending items and they all cost something, and they're all ranked and they all have dollar figures associated with this. The lawmakers, at least their staff members, they have access to this information. On the other side is this menu of items of tax items and how much revenue presumably those are going to bring in.

It's all about looking at these menu items and saying, "I'm going to pick number 1, number 4, number 7, and number 10 on the spending side, and then here are all the ones I want to pick on the tax side.

I highlight this because it's going to be a long, drawn out process as we get into the real tax writing work at the committee level in Congress, and that's going to be in the House, it's going to be in the Ways and Means Committee. In the Senate, it will be the Senate Finance Committee.

For some people that are expecting a lot of clarity this summer, this thing's going to drag out to the fall and maybe even rate to the end of the year. That's my personal opinion anyways.

PATTI: Here's the question that everybody's asking us, and I will tell you, what I'm saying, do you think they're going to make it retroactive?

BILL: I get that question a lot both from professionals like yourself and your clients. That's certainly not our base case. The last time we saw a retroactive tax increase was during the Clinton Administration.

What happened sometime in the middle of the year, they made a slight, a tweak in the estate tax that the actual rate, the rate went up from 40 percent to 45 percent, or something along those lines. That was effective the date of that proposal mid year, but since then, we've not seen any retroactive tax increases.

We've seen retroactive tax decreases, net positive to the taxpayer. We saw this in the early 2000s in the Bush Administration where people got refunds, but it's certainly not my base case. The one question I'm getting...We talked about income taxes, Patti, but we haven't talked about capital gains taxes, and that's also on the docket. Could they...?

PATTI: Let's explain that. Talk a little about that.

BILL: Let me take you through the proposal, and then what I'll do is give you my two cents on what I think is more likely in terms of capital gains.

The proposal outlined by the White House as part of this American Families Plan would say, "If you're making more than a million dollars, if you're at that level, whatever capital gains – and actual dividends apply as well – capital gains and qualified dividends, we're going to tax that as ordinary income."

That's same as your wages, it's the same as interest from a CD at the bank, or anything. That would be as high as 43.4 percent. That gets people's attention. When you're talking today, the most you're paying on a capital gain, a long term capital gain is 23.8 percent.

Now, you're telling me for some people...Granted, it's not a lot of people at a very high income level, but going to 43.4 percent is a pretty stark increase.

PATTI: It sure is.

BILL: I don't think that's going to happen. I do not believe they have 50 votes in the Senate to pass that. Remember, if they're going to pass tax legislation, tax increases, they can do that with only 50 votes in the Senate if they use the budget reconciliation process, but I don't think they have the 50 votes to do that.

Senator Menendez from New Jersey, Senator Warner from Virginia, Senator Manchin from West Virginia, they have indicated that they're not on board with that stark increase, but could we see capital gains going from a max of, let's call it, 23.8 percent for some taxpayers to 25 or 28 percent? That would be a more likely scenario in my estimation.

PATTI: Yes, that's exactly what I've heard. Do you think that they would apply that lower rate to a broader base, maybe cut the million dollars and above down to $750 and above to make up that revenue? Is that a possibility?

BILL: It is a possibility. I go back to the diner menu, Patti, and then they start tweaking it. As we progress further on in this process, and the lawmakers start prioritizing what they want to do, and you might need an extra $20 billion worth of revenue, how are we going to get that $20 billion worth of revenue to offset some other additional cost?

What if we tweak this? What if we change this? What if we turn the dial on this particular provision? When you get to that fine tuning, that's where you might see some of the stuff, but I don't think we're going to be looking at a 43.4 percent rate at the top end for long term capital gains.

PATTI: One thing that I was surprised at, and you can verify this or not, the 1031 exchanges for real estate. They're talking about getting rid of that for people who want to buy up and defer the capital gains on their properties, rental properties, things of that nature. That was a surprise to me. I did not realize that that was something that they were looking at.

BILL: The 2017 tax law scaled back 1031 exchanges, not in terms of real estate, but with equipment. In the tax code, previously, you could apply that same option. If you were heavy construction equipment and you were exchanging it for some other type of equipment, you could defer any type of capital gains.

I don't know how much of that was used frankly, but they did get rid of that, but they didn't touch real estate. Now, with real estate, if your gain is over $500,000, it's going to change the calculus for some folks that own rental properties that, as you know, and I'm sure some of your clients have used, have benefited from tax deferral.

PATTI: Oh, yeah.

BILL: It's a way to create some liquidity in that market. If you know you're not facing taxes, you can exchange out it from one property to the next. You're right, Patti. I'm interested to see how that's going to play out.

Certainly, the real estate lobby is going to be working hard in Capitol Hill to educate lawmakers on that, and they're going to make their case, right? They're going to make their case that this is going to have detrimental effects that are going to have a broader impact. We'll see how it plays out, obviously.

PATTI: It's interesting because as this information gets out, it'll be fascinating to watch, whether or not it accelerates this real estate boom that we're seeing. Houses are being sold for significantly above asking price. People think that that 1031 exchange is going to be repealed.

You're not going to be able to do it. I wonder if this is the year that people go and buy up to the next property to the next level – second homes, vacation homes, things of that nature.

BILL: Commercial real estate if I own a part of a strip mall or what we call them in the Boston suburbs, these triple deckers, these rental properties that ubiquitous to the Boston area. Certainly, it's going to change some…I'm thinking on it.

I think also with business owners, if I'm a business owner, and I've been in the process of planning out my exit strategy, one of the things I'd be thinking about if I think the capital gains rate is going to go up a little bit. Maybe, that makes the case for doing more of an installment sale and spreading that gain over a number of years. It's going to be interesting to see how it plays out.

Now, the planning is really difficult because you want to be cognizant of these changes, but you have to understand that we don't know what's going to happen or if anything's going to happen, at all. That's the difficult part about planning for this stuff.

PATTI: It is so tough, Bill, because the fact of the matter is no matter what we do, there are unintended consequences to everything, right?

BILL: Correct.

PATTI: Let's say that somebody is at that high income level, and we've had these phone calls already with people. I got a software program to help us calculate. Does it make sense to prepay the capital gains?

Let's just sell everything, pay the 23.8 percent, reset the cost basis and move on from there. But then this way, you've cut the tax bill significantly. What's the time value of that tax money not remaining invested? How many years does it take to make up that difference? It's really interesting.

I would never want to prepay capital gains taxes. If you don't need the money, just leave it there. Yet, those people are like, "Well, I don't want to be paying 43 percent on my gains," and I understand that part too.

BILL: I go back. The 43 percent –anything can happen within reason – I do think that's really an outlier. Patti, I'm sure you remember. As we got to the end of 2012, we had this fiscal cliff, and no one knew what was going to happen in terms of the tax structure at the time because there were expiring tax provisions including the estate tax.

There were folks I talked to advisors like yourself that had clients. They gifted aggressively at the end of 2012 thinking the estate and gift tax numbers were going to change for the negative beginning in 2013. Those numbers didn't change. Eventually, they even got better to do the 2017 tax law.

There's people that gifted aggressively back in 2012 that are sitting here eight, nine years later thinking, "Oh jeez, I shouldn't have done that. That was a mistake." There's no easy answers is what I'm trying to say.

PATTI: Bill, to that point, the key here with all of this is to run the numbers. If you do Option 1 versus Option 2, what could it look like if what they say exactly as they are today versus if they changed? Could there ever be that point in time where you look back and say, "Gee, I wish I hadn't because that's not fun. That is not a good thing."

Ultimately, the real litmus test for all of that is you just want to make sure that you're going to be financially secure for the rest of your life no matter what. That is first and foremost with all of these strategies.

Speaking of a dramatic change, getting back to the estate law is the repeal of this loophole that we have currently. I almost hate to call it a loophole because it's so important for so many families, but the step up and cost basis roll.

BILL: You're right. Interesting point that you see a loophole. I don't see it as a loophole because you have potentially folks that you owe and pay federal estate tax, but then you're also going to tax them additionally on the gain in those assets as well. There's a little bit of science behind the structure in terms of trying to avoid, at least for some people, double taxation.

PATTI: That is an example of capital punishment by confiscation.

Literally, Bill. Am I wrong? It could add up to what? 70 percent of the underlying assets goes to the government in one tax or another. That is something that could be a little scary.

Yes, there is on the first million dollars of gain. The proposal currently says, "On the first million dollars, we're not going to tax that, but anything on top of it." It doesn't take long for people's gains over their lifetime to exceed a million dollars.

Especially when you consider real estate and assets that they may have held and decided, "I'm going to keep on holding this and use my retirement account instead, because at least, that gets that step up and cost basis, and the kids don't have to pay a tax on the gain."

It's devastating. It could be devastating for our business owners, people who own businesses. You got a business for a lot of people that is the lion's share of their net worth. They've got a business, they've put everything into it, their sweat equity, as well as reinvesting into the business to grow it, and then they die.

They might have a little bit of liquidity in a 401(k), but if the business is subject to a significant tax, what do you think the business owner or the family has to do? They have to sell the business, excuse me, but they're not going to get top dollar.

That's where the word fire sale came from, because everybody knows that the business is being sold because the family has to sell it because they have to pay the tax within nine months. That could be devastating.

BILL: Patti, I'll give you another example, too. Probably, in your neck of the woods, you think about folks that have families that have places on the Jersey Shore up here in my neck of the woods outside of Boston in Cape Cod, or up in New Hampshire and Maine.

We're talking about families that aren't extremely wealthy but might have that multi generational family home. It's been in the family for 50 or 100 years. Who knows what the cost basis is, right?

PATTI: Right.

BILL: That could be real problematic to folks in that type of scenario. If you're going to tell me at the death of whoever owns that piece of real estate now, there's going to be a capital gain realization at death. That's the bad news. The good news Patti is...

Again, I don't have a crystal ball, but I'm still pretty skeptical on this effort to repeal stepped-up cost basis of death. There's growing movement among some lawmakers, especially in the rural areas, we're talking about family farms, that have come out against this.

Certainly, there's going to have to be carve-outs and exclusions, but the more complicated it gets in terms of carve-outs and different exemptions, the more complicated it's going to be for the IRS to try to enforce it.

This is the type of tax provision that is going to be tough to enforce, it's going to be complicated, and I'm not sure that they're going to get enough support within the senate to have it proceed as it's currently written.

PATTI: You know, Bill? As you were talking, I was thinking about this. Maybe the timing isn't right also, because this law that requires mutual fund companies and brokerage houses to keep track of cost basis, that was passed in 2012.

There are a lot of people, there are a lot of investments out there that were purchased way before that, and people don't have a clue what the cost basis is. How are they going to account for that properly?

It's one person's opinion, "How are they going to prove it one way or the other?" but the further out we go, the more data they're going to have to be able to enforce something like that.

As you were talking, I'm thinking, "You know what? They'll probably throw everything up against the wall, that included, recognizing that that probably won't go through." I think that everybody listening today might want to expect that that could come back in the future. To your point, there could be some carve-outs. That would be the right thing to do because this is America, and what do we do without our businesses?

BILL: Valuing closely held family businesses, Patti, that there's as much art to it as science in a lot of cases. Not to say that it couldn't happen, because basically, that's the Canadian system.

In Canada, they do tax with some limitations and some exemptions, but they do tax. Once it goes to someone other than the spouse, they do tax capital gain property at death. Now, they don't have an estate tax in Canada, so they pick one or the other.

If you remember that quirk in the tax code for people who passed away in 2010, technically, there was no federal state tax in 2010. People could opt out of paying the federal state tax, but in lieu of that, they did not get a step-up in cost basis. It was one or the other.

PATTI: What's interesting about that, it's different. Correct me if I'm wrong on this. In that one, they didn't get the step up, but cost basis. However, it wasn't that you had to recognize the gain at death and pay the tax, is that right?

BILL: Absolutely. It was what we call carryover basis, the same principle that would apply. If I gifted you appreciated stock, Patti, you would inherit my original cost basis if it's a gift while we're living. You're right, it was carryover basis, but lawmakers look at taxing those gains at death, and they look at, "Go back to the diner menu."

That brings out a heck of a lot more money from a revenue perspective than it does if you say, "You're not going to get step up. We're not going to tax you with death, but you're not going to get step up. It's going to carry over to your heirs, and when and if your heirs end up selling that property, they're going to have to pay that capital gain," but you're absolutely right.

PATTI: It is really interesting. We've talked about the problems. Now, let's focus on the solutions, especially given the fact that the estate tax changes are not in this bill.

We were talking last week, I'm getting a lot of phone calls about this, people setting up these spousal lifetime access trusts with the thought that, "I want to take advantage of the 11/7 while we still have it.

"If they take it away, if I gift it, if I gift 11/7 to my spouse, put it into trust for my spouse, at least with the end beneficiaries being the kids or someone else, at least I've used up the full 11/7 before we take it away."

The downside to that potential tool is that when you gift during your lifetime, as Bill said, there is no step up in cost basis. Yes, you're preserving that unified credit exemption, but somebody's going to pay the capital gains tax in the future.

There is no free lunch as it relates to this stuff, and you got to understand, and it is important to understand the unintended consequences, and make sure that this is a problem that needs solving, right?

BILL: Right.

PATTI: We don't have a change in the law yet.

BILL: It's not a problem. It's not a problem seeking a solution.

PATTI: Exactly.

BILL: A solution seeking a problem. The other way around. You're right. For some higher net worth families, it certainly is prudent to have these conversations with their estate planning professional to look at, "There is a risk out there."

Right now, when the 2017 law expires, we'll have a change in the numbers. We could see a whole new administration before then, and we could see the numbers carry over, we could see the numbers change for the better, who knows what's going to happen.

Patti, you hedge your bets a little bit. Maybe you're not super aggressive with, for example, the spousal lifetime access trust strategy and gifting to the maximum at this point. Maybe you're gifting below that, you're hedging your bets a little bit. Every situation is going to be a little bit different.

PATTI: Your point is well taken. Talk to your professional advisors, sit down with your estate planning attorney. Have a strategy in place that you can pull the trigger quickly if it's something that needs to be executed, so you know what your options are and the pros and cons. That makes a lot of sense, but again, be careful about what some of the unintended consequences could be.

BILL: Then on individuals, Patti, this is more broad to a wider swath of investors out there. How can I hedge income tax risk? One of the best ways to do that is with Roth accounts, whether it's funding Roth accounts or using Roth conversions.

I'm certainly not a fan of being super aggressive and going all in on Roth and pre-paying, like you said, pre-paying taxes today. I'm making a huge bet, but I'm in favor of gradually, over time, trying to build some diversification tax wise.

I'll use myself as an example, Patti. I've been with Putnam 30 years now, and one of the issues that I face is that I've been in the Putnam 401(k) for these 30 years and funding it primarily with pre-tax accounts, which has worked out favorably, but when I retire, I'm very much overweight pre-tax retirement.

Every dollar I take out, they're going to be subject to ordinary income taxes. To what extent people can at least build a little bit of diversification using Roth accounts that gives them more flexibility in retirement to better manage their tax bill?

If they're in a high tax bracket for whatever reason one year in retirement, maybe they need income, maybe they take some income out of the Roth, which is if they follow the right rules, it's tax-free. It's not exacerbating a bad tax problem further.

PATTI: It's not just the tax problem. It's also the cost of Medicare Part B. You can get a hit with that IRMAA, the penalty tax, which you have to pay more. For IRMAA, it could bring more Social Security.

Most people are probably going to have 85 percent of the Social Security included in taxable income, and yet, there could be those years between retirement and age 72 where none of it is taxable, or 50 percent of it is included as income.

Again, there's a domino effect in every decision. Just know what those effects are in your personal situation.

BILL: Correct, and don't forget those HSAs, too, Health Savings Accounts. If you're funding an HSA, try to avoid tapping into that if possible. If you're able to let that grow and use that in retirement, it's going in, it's tax favored on the way in, potentially could grow tax favored, and it's tax-free on the way out if it's for qualified expenses.

PATTI: It's the only thing out there that is...This is truly the home run is the HSA, because it saves tax going in, you're not paying taxes on it, it grows tax-deferred, and you're not paying tax on any of the gain as long as you follow the rules. Home run right there. Great point.

Let's pull this together. We know what's there. Granted, the proposal is not as draconian as we originally thought. We're a long way to knowing what that bill is really going to say. What do you think would be most likely, just out of curiosity?

BILL: We didn't talk about corporate tax. We're not going to really get into that. I think I could see a corporate tax rate increase from 21 percent to 25 percent, not as proposed 28 percent.

That's going to provide them with some revenue there to offset at least some of what they want to do on the spending side, whether it'd be infrastructure or healthcare, childcare, education support, those types of items.

On the individual side, for me, the most likely movement would be the current 37 percent tax bracket where that falls, and that said about 523,000 for individuals and above 628,000 for couples. I think that goes back to 39.6 percent. I do think they have enough votes within the Democratic caucus in the Senate to do that.

Those are the two most likely items. I wouldn't be surprised if we saw that long-term capital gains rate and qualified dividend rate in shop a little bit from 23.8 percent, maybe to 25 or 28 percent. I just don't think they have enough votes to get to 43.4 percent for some people.

Then less likely, call me a skeptic, I'm still a little bit skeptical on changes to step up and cost basis. A lot of moving parts, a lot of complexity are very difficult to enforce that provision. I could be way off there, Patti. I've been wrong before, and I'll be wrong again. But as we stand right now, it's an important policy objective. Just the complexity of it makes me a bit of a skeptic.

PATTI: Bill, I can speak for myself and probably everybody listening to this podcast today or watching it. I hope you're not wrong.

Let's do this. How about you and I do this? We've heard it here first. It is, by the way, Tax Day, May 17th, kind of lock and load. This is the day that Bill Cass said A, B, and C. Bill, would you like to come back? Would you come back, maybe in the fall when we have a little bit more clarity? Let's circle back and say, "OK, this is what we thought. This is actually what's going through."

We can summarize what our listeners and people watching need to do at that point. We're going to have enough time, I think, before the end of the year, right?

BILL: I think so. Frankly, I think it'd be a fun exercise to say, "OK, this is what we're talking about back in tax day." Let's say maybe it's October, maybe November, even early December, whenever we have more clarity. It'd be fun to see this was really a big surprise. We thought it would play out that way.

Once we have more clarity, there'll be more clarity around the individual financial planning items. That's the most important thing.

PATTI: Bill Cass, it's a date. Thank you so much.

BILL: I'm looking forward to it.

PATTI: Me, too. Thank you so much for being here today. Thanks to all of you for listening. I hope this was helpful, clarifying a lot of things for you and for us in terms of what's actually in the proposal and what we need to do about it. Thank you for joining us today.

If you have any questions, you need some clarifications, go onto our website at keyfinancialinc.com. Let us know what you think. Feel free to contact us. We'd love to hear from you. In the meantime, I hope you have a wonderful day. I hope, by the way, you've already filed your taxes. Thanks again. Take care. Bye-bye.