CROSS-PRACTICE ISSUES
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Tax Reform Bill Introduced in U.S. House

A tax reform bill was introduced in the U.S. House of Representatives today by Committee on Ways and Means Chairman Kevin Brady (R-TX). The bill, titled the Tax Cuts and Jobs Act, would significantly revise the U.S. internal revenue code. The legislation is scheduled to be marked up by the Ways and Means Committee on Nov. 6.

A section-by-section summary of the bill is available here. Provisions of note include:

- Restructuring individual income tax brackets from seven brackets to four and retaining the top marginal tax rate of 39.6 percent;
- Lowering the corporate tax rate from 35 percent to 20 percent;
- Lowering the minimum age for in-service distributions under defined benefit and state and local defined contribution plans from 62 to 59 ½ ;
- Repealing the estate tax, beginning in 2024;
- Modifying various tax treatments for life and property/casualty insurers (see “Subtitle H – Insurance” in the bill);
- Eliminating the medical expense deduction; and
- Terminating deductions and exclusions for contributions to medical savings accounts.

Notably, the bill does not include a change to the existing retirement incentives for 401(k)s and individual retirement accounts (IRAs), which was under considerable speculation in recent days. Revisions to the tax code could impact retirement benefits or insurance protections, either through changes to tax incentives, exclusions, deductions, or deferrals; or indirectly through corporate or individual tax rate changes.

The Academy sent a letter to members of the U.S. Congress in August that outlined these potential impacts and reminded lawmakers of the importance of an actuarial perspective when considering tax policy changes.

If you have any questions regarding this Academy Alert, please contact Stephanie Connolly, legislative and regulatory analyst (connolly@actuary.org; 202-785-6924).

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