



## The Tax Cuts and Jobs Act: What Does it Mean for You?

Written by: Steve Burger, Chief Financial Officer

It's hard to believe that we're almost through the first quarter of 2018. With the start of the new year, and the signing of the Tax Cuts and Jobs Act (TCJA) in December 2017, we have seen many changes regarding tax reform. I have been reading various articles and talking to other CPA's on the topic to understand the impact of the new law on not only our team at Employers Health, but also our member organizations.

As the first fundamental tax reform since 1986, this new law will save taxpayers approximately \$1.4 trillion over the next 10 years. It lowers corporate and individual tax rates and nearly doubles the standard deduction as well as eliminates personal exemption and various itemized deductions.

Along with significant changes for individuals, the TCJA will have an impact on our member organizations:

1. Members may benefit from the new flat corporate tax rate of 21 percent. For a majority of members and corporations, this will lower taxes resulting in an increase in net income.
2. The federal government recently included a provision to delay the looming "Cadillac Tax" until 2022. The TCJA impacted this tax by changing how the threshold amounts will be calculated. This change will result in the threshold increasing at a slower rate subjecting more plans to the "Cadillac Tax" sooner than previously expected.
3. The penalty for lack of coverage under a qualifying health plan tied to the individual mandate as required by The Affordable Care Act (ACA) will be eliminated in December 2018.

The bottom line is, every individual and corporation filing a tax return will be impacted in some way or another, be it good or bad. It will be interesting to see how it all will play out as the changes come into play in 2018 and beyond. Being that this is the first major reform in 32 years, it is an intriguing topic. I'll continue to research and provide updates as necessary.



*As Chief Financial Officer for Employers Health, Steve provides oversight for financial statement preparation, budget maintenance, accounts receivable, accounts payable, employee benefits and coordination of the annual audit.*