

The Trump Tax Cut Benefit Americans May Have Overlooked

By: Brittany De Lea | Published October 24, 2018

While the president mulls another “major” 10 percent tax cut targeting middle-class Americans, his administration believes there is a part of the original tax reform initiative that has been overlooked.

Counselor to the president, Kellyanne Conway, told reporters at the White House on Wednesday that while the economy has seen a “tremendous benefit” from the Tax Cuts and Jobs Act, what the bill did to expand 529 college savings plans hasn’t received “a lot of coverage.”

A 529 plan is a tax-deferred college savings account, which means funds can be stashed away and withdrawn tax-free if they are used for “qualified expenses” – a definition that has been expanded under the new tax law.

While traditionally intended for costs associated with post-secondary schooling expenses, families can now use 529 plans to take out up to \$10,000 annually to put toward education costs, including elementary, private, religious, and secondary school.

Experts say the new law should convince more individuals to use these plans, though maybe not for the right reasons. Most states provide tax deductions for 529 contributions, so there are concerns people may use the accounts as a tax workaround – and as more of a “checking account” than a long-term savings vehicle. However, increased awareness and usage is not considered a negative either way.

Meanwhile, the president is working on passing another 10 percent tax cut, which will be focused squarely at bolstering the wallets of middle-class Americans. While Trump said he is hoping to introduce the legislation within the next one to two weeks, since Congress is out of session he acknowledged it won’t be advanced by lawmakers until after the midterm elections.

Conway told FOX Business on Wednesday that part of the reason the president is seeking another tax change is because the first round “has gone so well.”

One method the administration is considering is passing a resolution during the near-term, signaling its intent to implement the 10 percent tax reduction in the future, sources told FOX Business on Tuesday. That however, is just one method being considered.

*Source: www.foxbusiness.com