

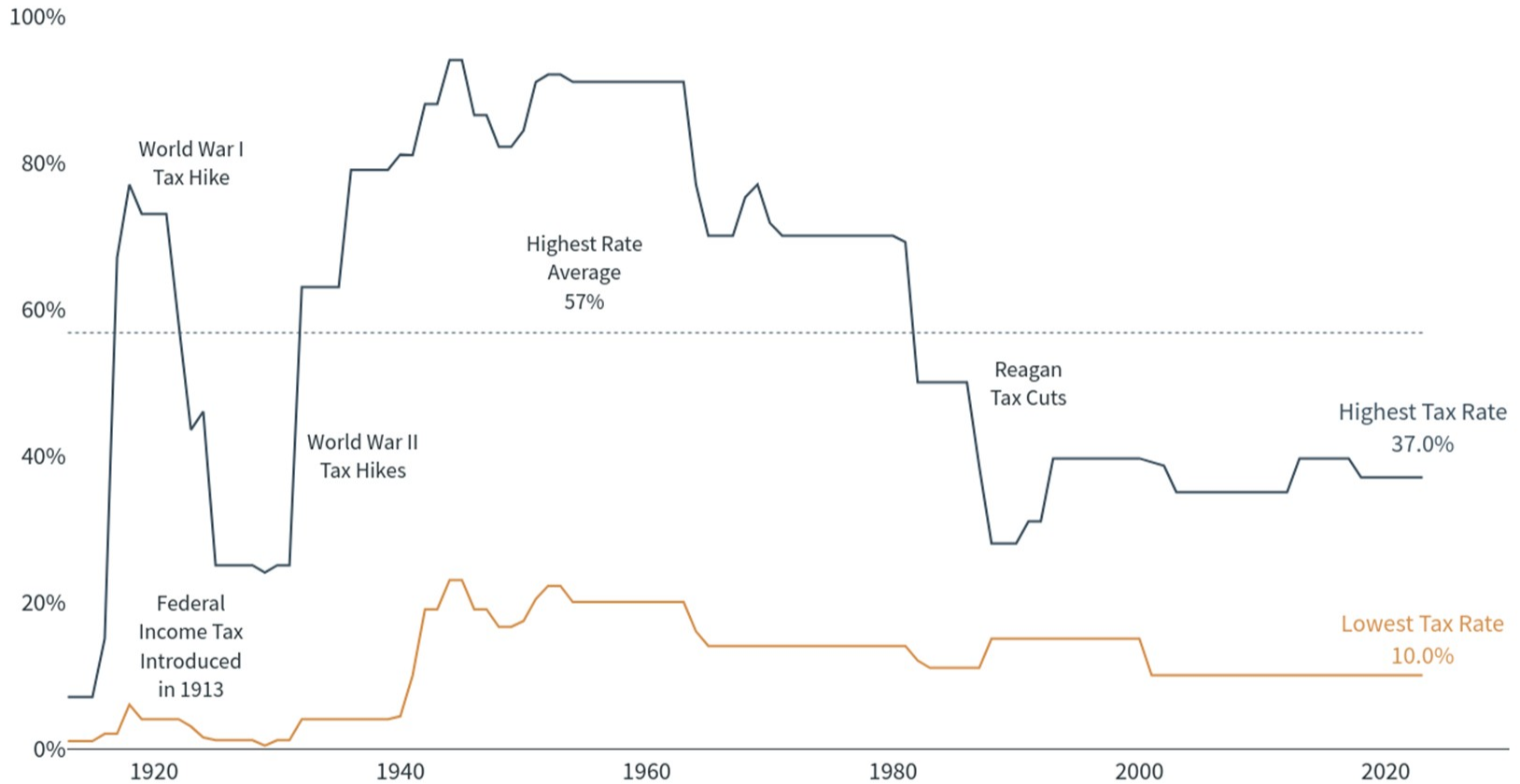


How Tax Policy Affects the Stock Market

Christopher Cannon, MSAPM, CFP®, RICP®, AIF® | Owner / Wealth and Retirement Plan Advisor | May 2, 2024

U.S. Individual Income Tax Rates

Historical IRS highest and lowest tax brackets



Latest data point is 2023

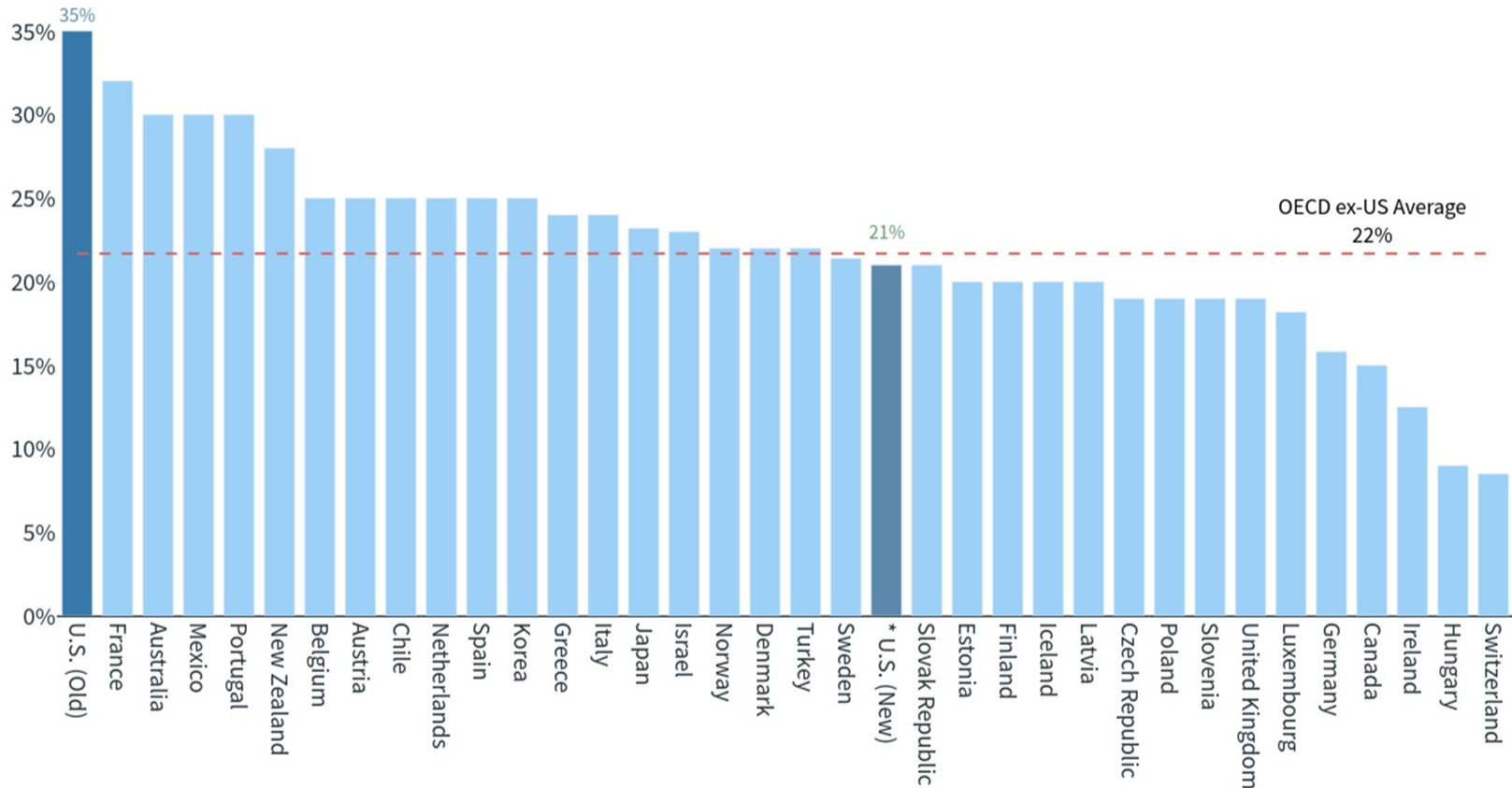
- Some expect taxes to rise in the future due to the size of the budget deficit.
- Historically, the top tax rates have been much higher, especially during wartime.

Sources: Clearnomics,
Treasury Department, IRS

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Global Corporate Tax Rates

Central Government Tax Rates of Industrialized Countries

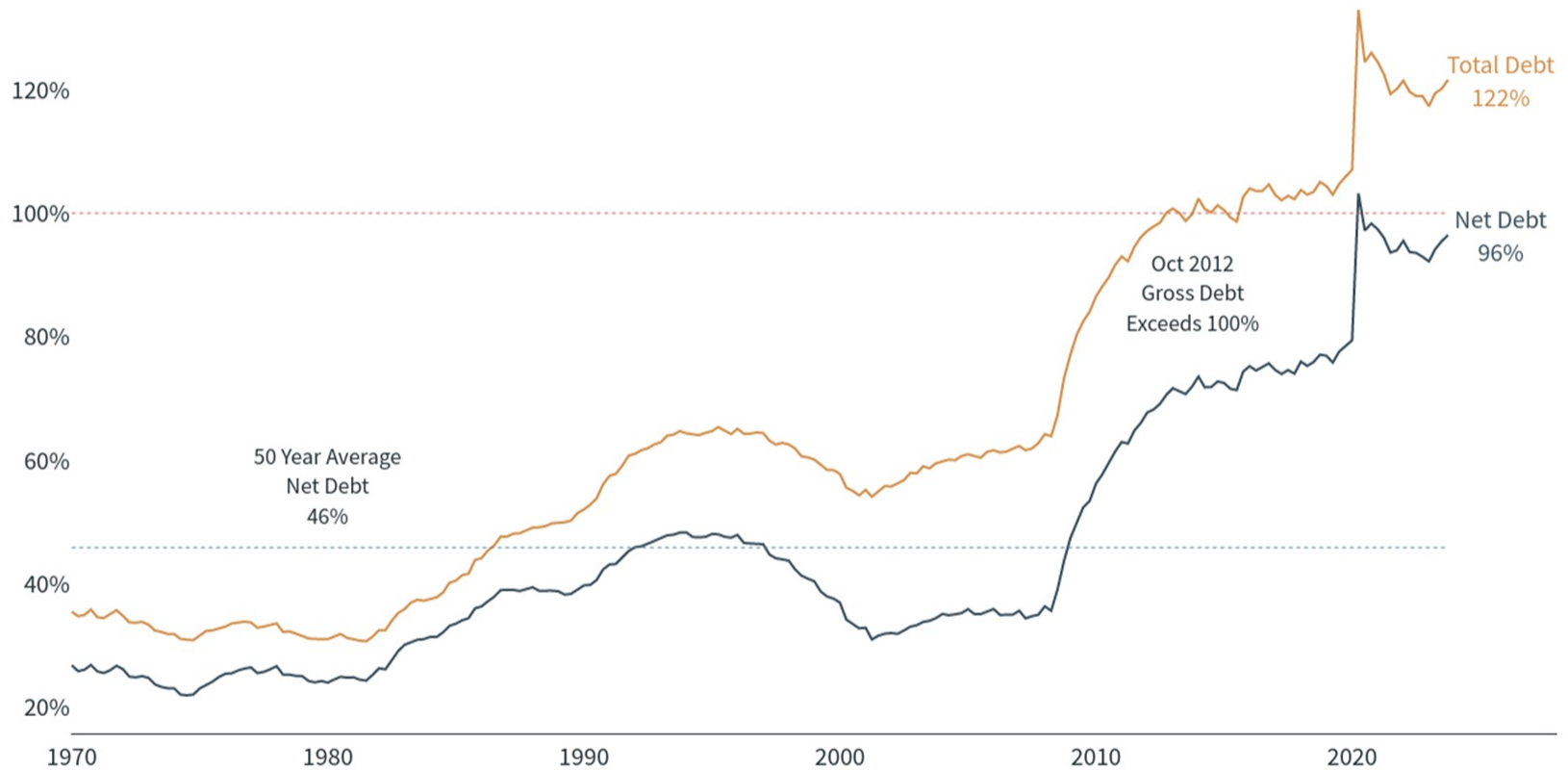


- Prior to the 2017 tax reform, the U.S. had the highest corporate tax rate among major industrialized countries.
- The enacted tax reform plan lowered the corporate tax rate to 21%, below the OECD average of 22%.
- However, corporate taxes could increase in the coming years depending on the political climate.

Sources: Clearnomics, OECD

Federal Debt to GDP

U.S. federal debt as a percentage of GDP, gross and net



Latest data point is Oct 2023

- This chart shows that the federal debt has been rising over the past decade relative to GDP.
- What matters is whether the economy can support the level of debt. Thus, it is important to compare it to GDP.
- Net debt adjusts for debt held within the government. This is a better picture of the debt situation, although it has risen as well.

Sources: Clearnomics,
U.S. OMB

Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard & Poor's value and growth indices.

MSCI EM is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from LSEG indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

Consumer sentiment indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

Asset Class Performance and Asset Classes Relative to U.S.

Stocks charts: The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

Fixed Income Performance: All sectors are represented by the Bloomberg Barclays bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

Portfolio Risk/Reward and Portfolio Drift Since 2009 charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

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