

## What could a Trump presidency mean for middle-market businesses?

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Donald Trump is our president-elect, and his plans to “Make America Great Again” have been delivered without much meat on the bones, making it difficult to substantively assess the likely impacts of the election on the country’s middle-market companies and determine how business owners might best prepare and protect their interests. At least one thing, however, is certain: Prepare for a wild ride, if his presidency is anything like his campaign. Already, with public anti-Trump rallies and demonstrations going on around the country, it is clear the repercussions of this election could be more unpredictable and far-reaching than any of us can imagine.

While we wait to see which of his plans materialize and to what extent they become reality, it is important for middle-market business owners to be aware of certain key issues, understand how they might affect their companies and try to stay ahead of the changes. As the new administration is formed, we might get some clues from the people on the transition team and those who are nominated or appointed to better understand in which direction policy is likely to head. Also, if we listen closely, we might be able to find some clues from the comments and rhetoric from Republican leaders and members of the House and the Senate.



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Following is a list of some of the most important things to watch that can affect middle-market businesses:

**Jobs:** The Republicans and the president-elect have talked about creating jobs by doing infrastructure projects and bringing manufacturing businesses back to the U.S. This might mean there will be plenty of new work and business opportunity for the construction trades and factory workers. One of the challenges when manufacturing returns is whether jobs are created or replaced by robotics.

**Taxes:** Lowering the capital gains and income tax rates of individuals, lowering business taxes and a comprehensive tax overhaul might be in the works, which could benefit businesses and provide more capital for investment. Using changes in the tax code to encourage more investment in the U.S. and discourage exportation of jobs also might be in the works. If tax rates are lowered, it might be smart to defer income until 2017 to take advantage of the lower rates.

**Healthcare:** The highly trumpeted abolition of Obamacare would require putting something else in its place, so it is unclear what changes will be implemented and when. President-elect Trump already has begun conceding and/or compromising on points, and modifying his campaign statements about eradicating Obamacare. While the tax associated with the Affordable Care Act might be dropped, some of the ACA's provisions are likely to survive in some form, such as mandatory coverage for preexisting conditions and continued coverage for young adult children. The big issues are cost and coverage.

**Energy:** While Republicans continue to steadfastly support a reemergence of the coal industry and expansion of the oil and gas industries, at some point they cannot continue to ignore the reality of global warming and the undeniable effects we are already feeling. It is unclear what will happen to solar and other sources of alternative energy, as well as alternative energy-related advances made under President Barack Obama's administration.

**Trade:** International trade could become a problematic issue. If we start retaliating, other countries can do the same, which could have a negative effect and begin a trade war. We need to wait and see the specifics, but it is clear this could have a major effect on the economy and not necessarily in a good way.

**Cuba:** The Trump administration has announced plans to review the U.S. relationship with Cuba and has suggested it will peel back the diplomatic progress of relations that Obama instituted during the past few years. Clearly, this would diminish any potential business and growth opportunities in Cuba for U.S. middle-market businesses.

**Immigration:** Expelling illegal immigrants from the country will leave huge job openings and hurt the GDP and economy. If visa programs are changed, companies might find it harder to find skilled workers among a limited labor pool.

**Regulation:** Rolling back government rules and regulation will lower overall costs and be good for business. A careful review might be very beneficial. This will enhance growth.

**Most important**, with many of the policies, we will see an increasing deficit and therefore should keep our eyes on the rise of interest rates and the possibility of inflation.

While we wait to see what the president-elect and the new administration do and Tweet about when he takes office, middle-market business owners should protect their best interests by studying the issues and preparing for the best- and worst-case scenarios.

We certainly live in interesting times.

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