

Consumer News & Views

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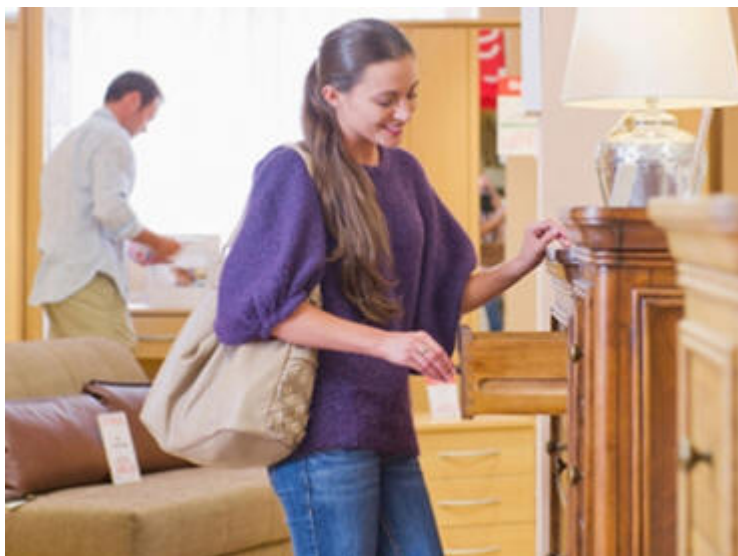
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Consumer Confidence Hits 9-Year High Record Level. Despite post-election concerns about president-elect Donald Trump and his anticipated policy changes, consumers seemed almost giddy this holiday season. Positive consumer sentiment pushed the Consumer Confidence Index to a record-shattering 107.1 in November, up from 98.6 in October, according to data from The Conference Board. It is the highest level since July 2007.

Economists expected the consumer confidence index to rise, but not as much.

The survey, a closely followed barometer of consumer attitudes, measures confidence toward business conditions, short-term outlook, personal finances and jobs. The survey, a closely followed barometer of consumer attitudes, measures confidence toward business conditions, short-term outlook, personal finances and jobs.



"Consumer confidence improved in November after a moderate decline in October, and is once again at pre-recession levels," said Lynn Franco, director of economic indicators at The Conference Board.

Franco added that while the majority of consumers were surveyed before the presidential election, it appeared from the post-election sample that optimism was not impacted by the presidential election outcome.

The percentage saying business conditions are "good" increased to 29.2 percent in November from 26.5 percent, while those saying it was "bad" fell to 14.8 percent from 17.3 percent, according to the report. Furthermore, the percentage of consumers that said jobs are "plentiful" increased to 26.9 percent from 25.3 percent.

The report stated, however, the proportion expecting more jobs in the months ahead was unchanged at 14.5 percent, but those anticipating fewer jobs fell to 13.8 percent from 16.6 percent.

Thomas Hinton, president of the American Consumer Council, a non-profit consumer education organization, said, "The continued surge of consumer confidence is a strong sign for retailers this holiday season. We anticipate a record amount of spending this Christmas with a sizeable jump in online shopping."

How Will President Trump Affect Your Pocketbook? During the recent 2016 presidential election, both Hillary Clinton and Donald Trump claimed the U.S. economy was weak and could be improved. Both candidates promised major changes. With Donald Trump the victor, consumers and economists alike are now asking how will President Trump make things better?

Here's an excellent overview by MarketWatch that details how President Donald Trump will impact our economy and your pocketbook.



Now that Republican candidate Donald Trump is the president-elect and Republicans have control in Congress, the promises he made during his campaign are in focus as they become closer to reality.

Ideas from potentially repealing the Affordable Care Act (Trump called it a "disaster" on the campaign trail) to tax reform could have significant impact on consumers' wallets and bank accounts.

Although campaign promises won't necessarily become policy as they were proposed, as Trump may modify them to increase their chance of passing, they at least indicate what is likely to come, several experts said Wednesday.

Here are several ways your finances may be affected by the Trump presidency:

Everyday purchases.

Because Trump's statements during his campaign indicated skepticism about globalization and some trade deals, in favor of nationalist rhetoric, there may be reason to believe some foreign goods could one day be more expensive, due to excise taxes, said Spiros Malandrakis, an analyst who covers the alcoholic drink industry for Euromonitor, a research firm.

Some estimates have shown that Trump's trade policies could backfire, costing the U.S. four million private sector jobs. And some even predicted before Election Day that a Trump presidency could cause a "negative shock" that could cause the stock market to crash.

A change in price for foreign goods would likely not happen before the second quarter of 2017, Malandrakis said.

Plus, the electorate in general seems to be favoring what Malandrakis called a "tribal regionalism," meaning consumers may be more likely to support local or regionally-produced products. For alcoholic beverages, that might mean supporting craft beers and spirits, he said.

Although historically consumer confidence tends to dip when a non-incumbent president is elected, it's too early to say what effect a Trump presidency will have on spending habits, wrote Andrew Davidson, a senior vice president of research at the research firm Mintel, in an email. Everyday spending is unlikely to change dramatically as Americans prepare for the holidays, he adds.

"For now, and for most people, life goes on," he wrote.

(And if they eventually have additional funds because of Trump's tax policies, they may even have more to spend in the future.)

Brands may even be able to take advantage of the state consumers are in now, whether elections left them buoyed or unhappy, Davidson said.

Companies may adapt their advertising campaigns to "develop messages of unity, support and reassurance for what has been a divisive period for the nation," he said.

Taxes:

Trump's election, combined with Republican control of the House and Senate, "will almost surely result in passage of a major tax cut in 2017," wrote Howard Gleckman, a senior fellow at the Tax Policy Center, a joint venture of social and economic policy group Urban Institute and research group Brookings Institution based in Washington, D.C.

But, Gleckman wrote, it's hard to predict some of the specifics, especially since Trump has proposed different versions of his plan during the campaign, with the most recent being close to the plan House Republicans announced in June 2016. Trump's most recent plan proposes cutting taxes by \$6.2 trillion over 10 years, according to Tax Policy Center estimates. Those cuts would apply broadly to a variety of households, said Michael Graetz, a professor of tax law at Columbia University Law School.

Trump has proposed swapping out the current seven different tax brackets in favor of just three.

For married joint filers, tax rates would be 12% for those who make less than \$75,000, 25% for those making more than \$75,000 but less than \$225,000 and 33% for those making more than \$225,000. Those filing as single would have rates half of those amounts.

For most people, this reorganization, plus Trump's plan for increasing the standard deduction for joint filers to \$30,000 from \$12,600 (and the standard deduction for single filers to \$15,000 from \$6,300) should lower taxes, said Mark Luscombe, the principal federal tax analyst at Wolters Kluwer, a financial services and law company.

(During the campaign this fall, the Tax Foundation created a calculator that consumers can use to see how a Clinton or Trump tax plan would affect them.)

However, some may find Trump's plan causes higher tax rates for them, including some single parents, large families and upper-middle income single people, the Tax Policy Center found.

That is because Trump's plan also includes eliminating personal exemption from the tax code, which may not be balanced out by the increase in standard deductions for some.

Trump's plan also includes eliminating the head of household filing status, which can help single parents because it has a more favorable rate than single filing status.

A possible scenario where a single parent would pay more as a result, Luscombe said: A single parent would see his or her standard deduction increase by \$5,700 (from \$9,300, the 2016 amount for a head of household, to Trump's proposed \$15,000) under Trump's plan, but it would take only the loss of two exemptions of \$4,050 to exceed that gain.

That said, Trump has also proposed changes that would help with child care expenses for families, including an "above-the-line" deduction for children under 13 and spending rebates of up to \$1,200 for child care expenses for some low-income taxpayers.

An idea that has been popular among Republicans, in Trump's plan and in other proposals, is the repeal of the estate tax, said Alan Cole, an economist at the Tax Foundation, a think tank based in Washington, D.C. In contrast with the Democratic candidates for president, Republicans have tended to be united in their support for this idea, he said.

"If you bet on any tax to be cut, that's one of the first ones you'd look at."

Still, because as of now the only individuals who must file for estate taxes are those with combined gross assets and prior taxable gifts exceeding about \$5.5 million in 2016 (or about \$11 million for a married couple), cutting this tax wouldn't affect a large number of households, Graetz said.

And if Trump does repeal the Affordable Care Act, that potentially would eliminate taxes related to it, including the penalty for failure to obtain health insurance, but it would also eliminate the credits associated with it, Luscombe said.

Plus, Trump's tax plan is contingent on actually being able to make up for that lost federal income in other ways; he has promised aggressive economic growth, which may not end up being realistic, said Mark Hamrick, a senior economic analyst at the personal finance company Bankrate.

Housing:

Housing was a rarely-discussed topic during the presidential campaign, said Christopher Mayer, a professor of real estate at Columbia Business School.

And historically, Republicans and Democrats have been more similar than different in terms of their housing policies, and tend to support the role of the government in housing, he said.

But affordable housing is still an issue for many. America's growing housing crisis is a "singular issue" that cuts across all segments of voters, Nela Richardson, the chief economist at Redfin.com, a Seattle real-estate research site, told MarketWatch after Trump's win. "Every voter is a housing voter, and as a country we need the new Trump administration to enter a new chapter on housing policy."

Trump's win could have a variety of effects.

Home Buyers:

Home buyers in blue states that are economically healthy may be rattled by the win and therefore more worried about the future of the U.S. economy, whereas those in red states with stagnant economies may feel a boost of confidence, wrote Ralph McLaughlin, the chief economist at the housing site Trulia (<https://www.trulia.com>).

The fact that Fannie Mae and Freddie Mac shares saw a slight bump on post-election Wednesday, may indicate a sentiment that a Trump administration would allow them to build capital, Mayer said.

If Trump can create more aggressive growth in the U.S. economy, that may have the biggest impact on housing, Hamrick said.

"Strong growth and more equitable distribution of income in our country, which has been lacking, those are things that ought to help the housing market," he said. "But whether we can actually get there is another question."

Investing:

Whether you're happy about Trump's win, disappointed, or in shock, remember that "there is no rhyme or reason to why markets go down when you do it through the prism of who is president," said Josh Brown, chief executive officer of Ritholtz Wealth Management. There are too many variables, such as who controls the House or Senate and geopolitical events. The market is also unpredictable — between an hour or two after the tightened race gave way to Trump's win, futures went down, but by the time the stock market opened the next morning, they were trending up. And by the end of the day, the Dow was up 257 points. Investors should avoid analyzing every market move, said Mansi Singhal, co-founder of risk-based robo adviser qplum. "If you're a long-term investor, look at long-term price changes and don't make decisions entirely based on today."

Paying for College:

Trump provided some hints on the campaign trail about the changes he would make to the student loan system. During a speech last month, Trump said he would cap federal student loan payments at 12.5% of borrowers' income for a maximum of 15 years, a proposal that's arguably more generous than the current system of several plans that federal student loan borrowers can use to manage their payments, according to Jason Delisle, a resident fellow at the American Enterprise Institute, a right-leaning think tank.

Robert Kelchen, a professor of higher education at Seton Hall University, will be watching to see whether Trump and a Republican Congress work to curb rising college costs, a concern of both Republicans and Democrats. He said he could see a President Trump and Republican Congress force colleges to share in some of the risk that students take on when they borrow to attend college, another proposal that has bipartisan support.

But ultimately, it's hard to say how and if a Trump administration would change the student loan program, both because he offered few policy proposals and because there isn't "necessarily a conservative or Republican play book on higher

education that they can draw from," said Jason Delisle, a resident fellow at the American Enterprise Institute, a right-leaning think tank.

Health Care:

Chief among the promises made by president-elect Donald Trump on the campaign trail was a "complete repeal" of the "disaster" that is the Affordable Care Act. Now, with a victory and Republican sweeps of Congress complete, he's closer to having his way. But it's unclear what exactly that will mean for U.S. health care. Republican majorities in the House of Representatives and Senate aren't enough to repeal the ACA on their own, but other legislative processes would allow major provisions of the law to be gutted. One was tried — and vetoed by President Barack Obama — last year. Far more likely than repeal is that the law will be retained but massively changed, some experts say. Either scenario entails massive disruption for an industry that isn't exactly limber in the face of change.

The changes proposed by Trump during his campaign would leave 16 to 25 million people newly uninsured — primarily people with low income or with health problems — and increase the long-term deficit by half a billion, according to a Commonwealth Fund study. But the ACA includes numerous other provisions, including coverage for those with pre-existing health conditions, Medicaid expansion, free birth control, facilitating a switch to electronic health records and young adults getting coverage on their parents' health insurance plans through age 26. A Republican plan could preserve some of those aspects. But subsidies for plans offered through the ACA exchanges and Medicaid expansion would appear to be the first to go, possibly through the budget reconciliation process, said Cynthia Cox, an associate director at the nonprofit Kaiser Family Foundation.

This article was researched and written by: Bill Bischoff, Daniel Goldstein, Alessandra Malito, Jillian Berman and Emma Court.

ACC's Friend of the Consumer Award Recognizes Outstanding Businesses in 2016.

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally-mandated standards and are touted by consumers as "consumer friendly."

Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."



To apply for the "Friend of the Consumer" Award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.asp>

Green CSM Certification Accepting Applications for 2017 Winter Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green CSM Certification**. Applications for the 2016 Fall cycle are now being accepted through March 31, 2017.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green CSM Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>

