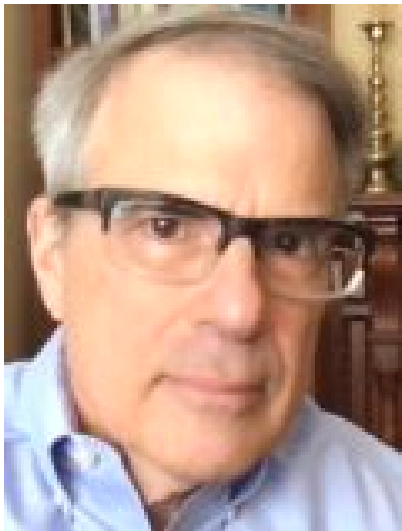# Post-Election Overhang

By Kerry Pechter   *Mon, Dec 2, 2024*

Despite recent court rulings, Donald Trump's nominee for Secretary of Labor leaves some room for uncertainty over the future of rollover-related ERISA regulation.

How will Donald Trump's defeat of Kamala Harris last month affect the retirement security of Americans? We may not know the answer until we hear about it on Truth Social or X, neither of which I follow.

Prior to his victory, the president-elect promised to make Social Security benefits exempt from federal income tax, as they were before the 1983 tax reform, when the genial old Gipper was in the White House.

Re-exempting benefits would deprive the Social Security trust fund of about $50.7 billion in tax revenue, the agency estimates. That money would stay in the pockets of the 50% or so Social Security recipients who currently pay federal income tax their benefits. So a tax cut on benefits would help wealthier retirees most.

There's no telling which promises Trump will pursue to fulfillment. During the campaign, he promised to eliminate all future presidential elections. He uses policy suspense as a form of entertainment. Like my own father during my boyhood, the president-elect likes to say, "We'll have to see what happens."

Trump saves a lot of bureaucratic shoe leather by tossing out policy ideas. Members of the media chase after every conceptual stick or tennis ball that he throws out, and retrieve it soaked in expert analysis and saliva. A federal agency could take months to do similar research. A.I. will eventually do that job in seconds.

Our next president has nominated a surprisingly pro-labor ex-congresswoman from Oregon to be his Secretary of Labor. Given her background, Lori Chavez-DeRemer might decide to pick up where the Biden administration left off by pushing for a strong "fiduciary rule."

That wouldn't make much political sense, however. Her department have to double down on

the very "bureaucratic overreach" that Trump-appointed (or consistently business-friendly) judges in the Texas federal judiciary have repeatedly rejected.

The next Securities and Exchange Commission chair will surely be kinder to advisers than Gary Gensler has been. If it hasn't done so yet, the SEC will probably drop the Jeffrey Cutter case in Massachusetts, where an RIA was faulted for neglecting his fiduciary duty by not disclosing conflicts of interest when recommending commission-paying annuities.

Social Security is the keystone of my retirement income, so I'm nervously watching its painfully slow progress toward a long-term policy fix. By 2034, politicians and lobbyists will have to decide how to amend the program. Trump's successor in 2029—perhaps J.D. Vance, perhaps a Democrat—will be in a position to steer the debate.

There's a danger that Social Security's future might hinge on well-financed falsehoods and attack-ads. (The prospect of "Social Security Advantage" plans haunts my dreams.) In a future column, I'll explain why I think the OASI program's public "social insurance" model, old and bruised as it may be, does more good for more Americans than the private investment approach would.