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# When Navigating the New Tax Code, Investors Put Their Trust in Financial Advisors: TD Ameritrade Institutional Survey

*Survey finds 41 percent expect tax changes to help economy, 35 percent see a negative impact*

**JERSEY CITY, N.J., March 1, 2018 –** Tax season is never easy for investors, but this year promises to be especially challenging as taxpayers think about their 2017 returns and plan for next year's filing.

As a result of the sweeping Tax Cuts and Jobs Act that took effect Jan. 1, Americans are coming to grips with how the changes affect their wallets and mapping out steps to take this year. Though most Americans say they don't completely understand how they will be affected, they do know they trust financial advisors more than any other source to guide them, investors reported in a recent TD Ameritrade Institutional[1] recent survey.

*Americans & Taxes: An Individual Investor Survey*, conducted for TD Ameritrade Institutional in late January, asked 1,000 investors with at least $10,000 in investable assets how they felt about the new tax law, its expected impact on the economy and what steps they may take in 2018 as a result of new rules.

The first order of business: getting up to speed on all the changes. Just 25 percent of investors surveyed said they completely understand how the new law impacts them personally, while 17 percent don't understand the changes at all. Asked which sources of information they trusted most, the top choice was financial advisors, 25 percent, higher than accountants, 14 percent, and tax-preparation services, 11 percent.

"There are plenty of experts offering their views on the new tax code and how investors should respond, yet we find, once again, that investors want advice and guidance from someone they trust, especially in times of uncertainty and change," said Tom Nally, president, TD Ameritrade Institutional. "People want to know that someone has their back. More often than not, that trusted individual is their personal financial advisor."

Of course, individual investors should consider the role and qualifications of any professional discussing taxes, including accountants, registered investment advisors and others.

**Impact on Economy and Households**

Nearly six in ten of American investors said the tax law should impact their take-home pay one way or the other: 35 percent expect to see fatter paychecks, though 22 percent believe they now will take home less. Investors should soon be in a position to see for themselves the paycheck impact of the new law.

Views on whether the new tax laws benefit the country are mixed as well. Just 41 percent believe they will benefit the U.S. economy; 35 percent say they will have a negative impact.

One thing that most people, regardless of income level or investable assets, agree upon is that wealthier households will definitely benefit more from tax cuts. Indeed, 63 percent said that those who make more money than they do will benefit more, and 55 percent say "very wealthy people" will benefit the most.

These results reinforce an earlier TD Ameritrade Institutional survey of registered investment advisors (RIAs) who said the new tax plan would be the Number One item impacting client portfolios in 2018.[2]

**Taking Action**

Whether investors believe they are tax plan experts or that they need a lot more information, the survey found that most plan to pursue a number of steps this year to navigate the new tax landscape:

- **Increase allocations to equities.** Some Americans have an increased appetite for investing more in equities, whether that is via individual stocks (30%), stock mutual funds (23%), or stock ETFs (15%).
- **Put more into tax-advantaged retirement plans.** Fifty-seven percent will consider contributing more to retirement accounts; in fact, one in five are definitely doing so.
- **Consider relocating.** Roughly a quarter of those surveyed are contemplating moving to an area of the country with lower taxes.

**Sentiment Shaped by Political Views**

Though feelings on the new tax laws were mixed, the survey found that an investor's disposition toward the new code is closely tied to their party affiliation, state residence and personal wealth. The survey found that while 29 percent of investors overall “hate” the new tax plan and 22 percent “love” it, nearly half, 49 percent, said they had no strong opinion.

| Thoughts on the tax plan | Party Affiliation | | |
|---|---|---|---|
| | Republican | Democrat | Independent |
| Love it | 42% | 9% | 20% |
| Hate it | 8% | 49% | 26% |
| Neutral | 50% | 42% | 54% |

| Thoughts on the tax plan | Investable Assets | | |
|---|---|---|---|
| | <$100K | $100K-$249K | $250K+ |
| Love it | 20% | 22% | 30% |
| Hate it | 29% | 34% | 27% |
| Neutral | 51% | 44% | 43% |

Negative sentiment is stronger among investors who live in high-income, high-tax states -- California, Connecticut, Massachusetts, New Jersey and New York – where 40 percent of respondents “hate” the new tax plan.

Likewise, 44 percent of high-tax state residents expect to pay more in taxes, compared with a third of Americans overall. Half of the respondents in these four states believe the new tax law will negatively impact their state, compared with 37 percent overall. The impetus to pick up and move is felt more strongly among high-tax state residents, where 32 percent are considering relocation, versus 24 percent of the overall survey.

“This survey supports what RIAs have been telling us: investor demand for financial planning and investment advice has surged because of the new tax plan," said Nally. "Investors rely on RIAs for guidance on how to navigate change and stay on track with their financial goals."

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**About the Survey**
The TD Ameritrade Institutional *Americans & Taxes: An Individual Investor Survey* was developed to understand the views of U.S. investors on the recently enacted Tax Cuts and Jobs Act advisors. Results are based on responses to an online survey fielded by Koski Research, on behalf of TD Ameritrade Institutional, from January 18 through 22, 2018. Survey participants were at least 18 years of age, with a minimum of $10,000 in investable assets. The margin of error is +/- 3%.

[1]TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation

[2]TD Ameritrade Institutional *2018 RIA Sentiment Survey*, January 2018

**About TD Ameritrade Institutional**
TD Ameritrade Institutional is a leading provider of comprehensive brokerage and custody services to more than 6,000 fee-based, independent RIAs and their clients. Our advanced technology platform, coupled with personal support from our dedicated service teams, allows investment advisors to run their practices more efficiently and effectively while optimizing time with clients. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation.

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TD Ameritrade provides investing services and education to more than 11 million client accounts totaling more than $1 trillion in assets, and custodial services to more than 6,000 registered investment advisors. We are a leader in U.S. retail trading, executing more than 700,000 trades per day for our clients, nearly a quarter of which come from mobile devices. We have a proud history of innovation, dating back to our start in 1975, and today our team of 10,000-strong is committed to carrying it forward. Together, we are leveraging the latest in cutting edge technologies and one-on-one client care to transform lives, and investing, for the better. Learn more by visiting TD Ameritrade's newsroom at www.amtd.com, or read our stories at Fresh Accounts.

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**Source: TD Ameritrade Holding Corporation**