

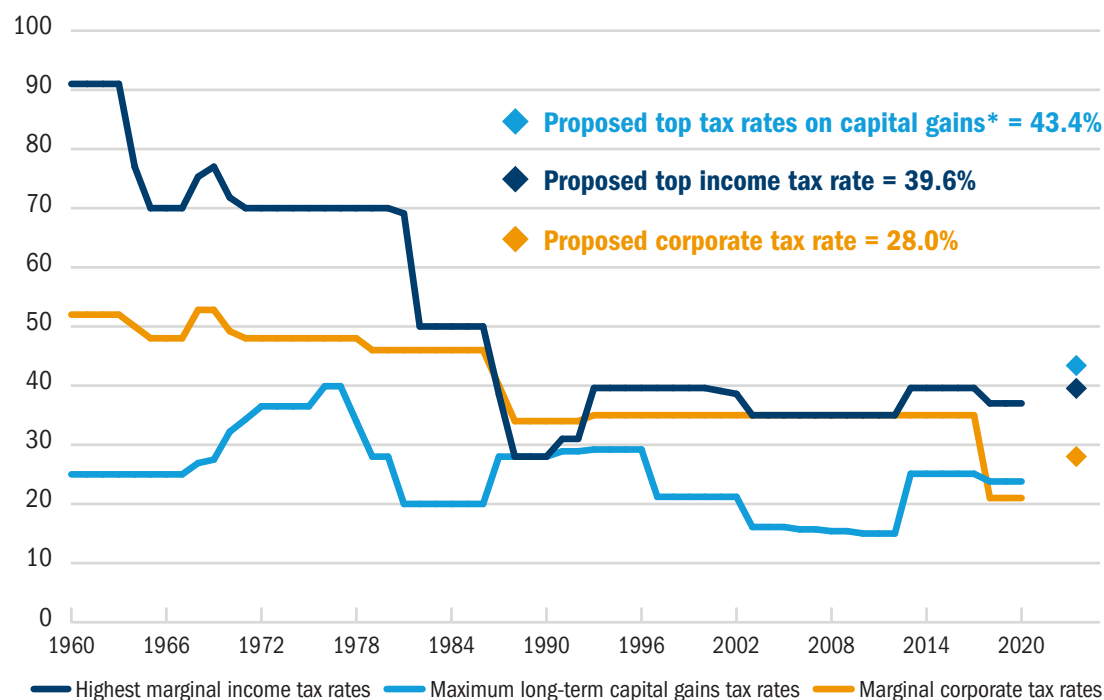
Chart on the Go

Latest Insights | Taxes

[LEARN MORE ON OUR BLOG »](#)

▶ Investors should plan for tax rates to change over time

Historical tax rates (%)



Source: Tax Policy Center

*The proposed capital gains tax is levied for households earning more than \$1 million per year and includes the 3.8% net investment income tax.

The Biden administration has recently made proposals for higher maximum income tax and corporate tax rates, although they're still relatively low from a historical perspective. The proposed capital gains rate would be a new high, but it would apply to a limited universe of high-income taxpayers.*

Tax rates haven't stayed constant over time. Over the last 60 years:

- The capital gains tax rate has changed 18 times — reduced eight times and increased 10 times.**
- The income tax rate has changed 16 times — reduced 11 times and increased five times.
- The corporate tax rate has changed 10 times — reduced eight times and increased two times.

While there's still a lot of uncertainty, it's important for advisors and their clients to start the discussion so investors understand how tax changes could impact their investment goals.

* The proposed capital gains tax would be levied for households earning more than \$1 million per year.

** The Jobs and Growth Tax Relief Reconciliation Act of 2003 included the way capital gains were taxed and resulted in several years where rates changed. In the text this was counted as one rate change. Past performance does not guarantee future results.