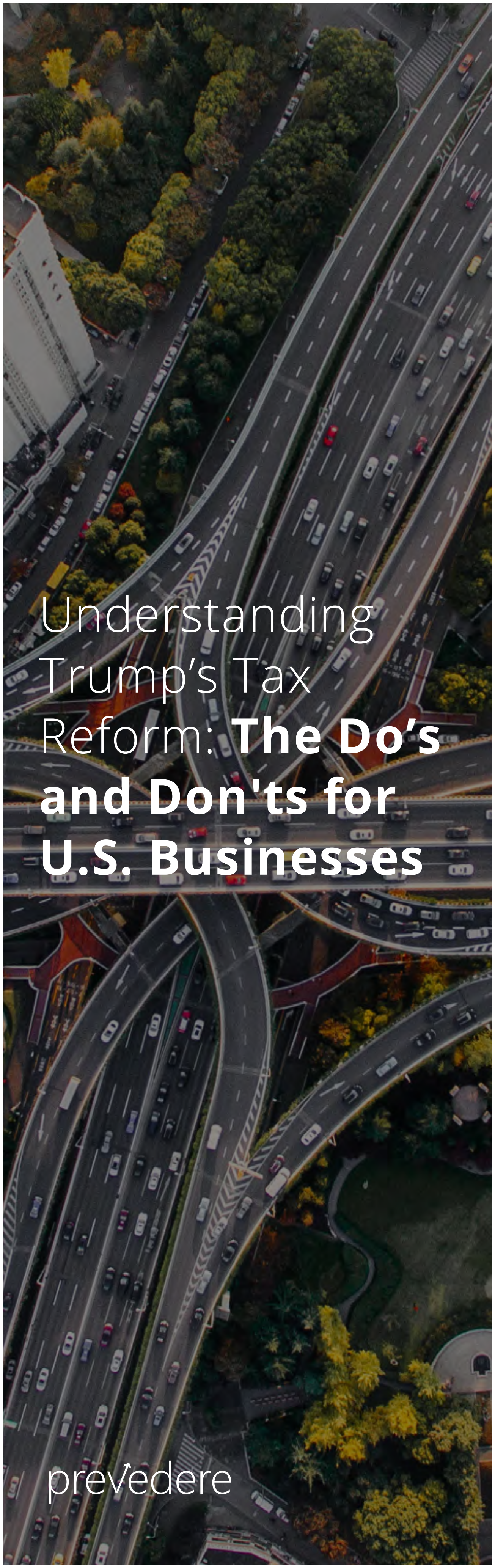
Understanding Trump's Tax Reform: **The Do's and Don'ts for U.S. Businesses**



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THE NEW CORPORATE TAX CODE

Many U.S. companies will immediately have more cash on hand thanks to a lowered corporate tax rate. But, this tax reform is unusual. It's rare for a stimulus such as this during periods of economic growth. The employment rate is nearly full, consumer confidence is already high, and consumer spending is healthy. With very little boost in consumer spending projected, what can businesses expect?

MORE IMPORTANTLY

This tax reform will make the U.S. far more reliant on global players like China, Japan and Russia.

There is also a growing volatility among three economic indicators: the bond market, the strength of the dollar and the health of foreign economies.

Any sort of global event, i.e. rapid growth of inflation, war, foreign bankruptcy, a hike in gas prices, or industry bubble, could throw economies across the globe into disarray.

Tax reform eliminates any sort of safety net for the U.S. government.

PLAN ACCORDINGLY

DO'S	DON'TS
Invest in core businesses	**Overinvest in employees**
Keep cash on hand	**Invest in debt**
Focus on exports	**Bank on a stronger consumer**
	Use tax cut windfall to release dividends, stock buybacks, or make acquisitions

PROCEED WITH CAUTION

On the face of it, the tax reform paints a very pretty picture, but there are just too many global forces playing against it. Companies that resist the temptation to spend aggressively, will benefit from a risk-averse position in the long term.