

What Will a Second Trump Term Mean for Your Money? Experts Weigh In

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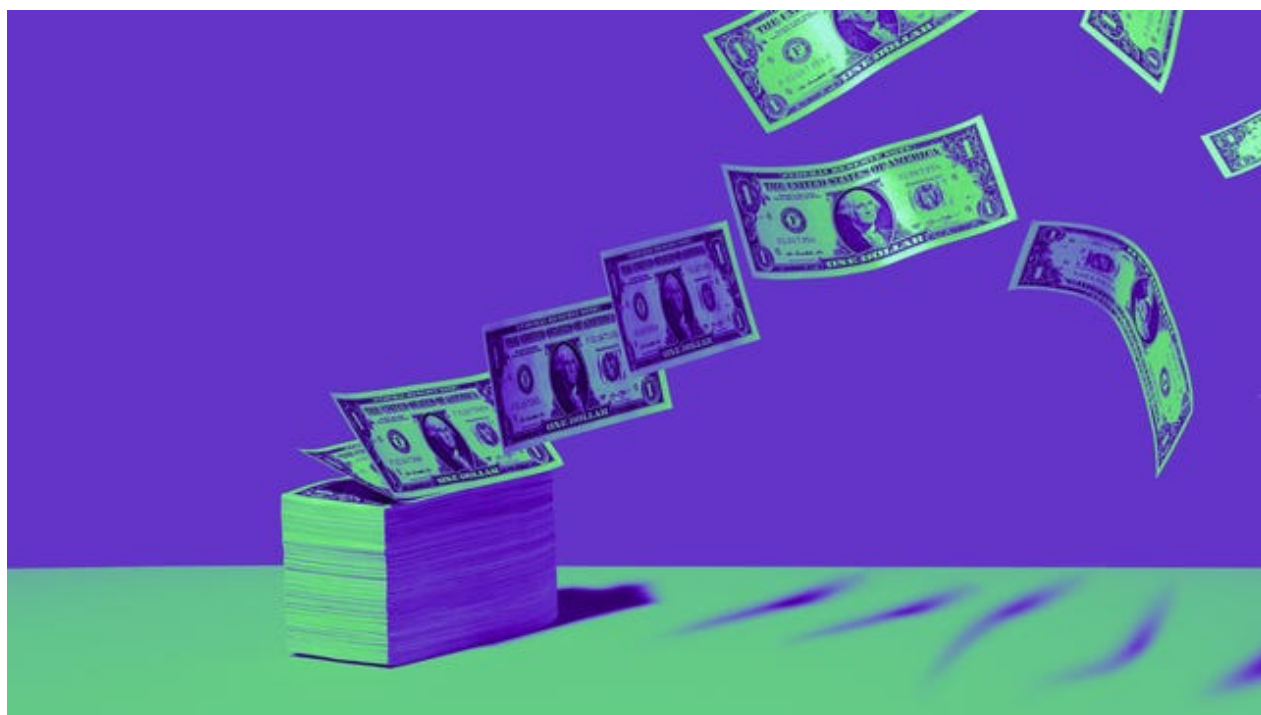
We could see higher prices, expanded tax credits and the dismantling of certain student debt relief benefits.



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The economy was a top concern for voters during the presidential election. According to a September Pew Research poll, the economy outranked health care, foreign policy and crime as a leading issue.

We're all wondering how President-elect Donald Trump's policies could impact our finances over the next four years. Not all of Trump's policy details are spelled out, and many of his proposals would require congressional approval to implement. While it's impossible to know

all the answers, here is what experts say we might expect from Trump's next term, which begins on Jan. 20, 2025.

Tariffs and mass deportation could inflate prices

The president-elect has been vocal about two plans: high tariffs on imported goods and mass deportation of illegal immigrants. If the administration carries out either or both, prices could spike in the US.

Tariffs, which raise the costs of directly imported products and imported supplies used in American manufacturing, serve as a tax on consumption, according to [Usha Haley](#), a professor at Wichita State University and an expert on trade with China.

"Trump's proposed 60% tariff on all imports from China and 20% on imports from other countries will increase costs for end users up and down the supply chain," Haley said. Though corporations might take some of the hit in reduced profit margins, importers often pass on a portion of these tax costs in the form of higher prices to consumers.

Mass deportation efforts could also boost prices due to the significant impact on the workforce, according to [David Anderson](#), Blazer professor of economics and business at Centre College in Danville, Kentucky.

"Immigrants are critical to industries that include agriculture, health care, construction, food service and transportation," Anderson said. "Fewer workers in those and other areas would put upward pressure on labor costs and prices."

Inflation, the rate of change in the price of consumer goods and services in a year, rose to record levels in the wake of the pandemic. Following the Federal Reserve's aggressive post-pandemic rate-hiking campaign which started in 2021, inflation has been [slowly returning](#) to the central bank's annual target rate of 2%. Prices, however, still remain elevated after years of rate increases.

The Federal Reserve was preparing to move forward with additional [cuts to the federal funds rate](#) in 2025, which would reduce borrowing costs. But if tariffs and mass deportations fuel inflation, interest rates are likely to stay high for the short term.

Some tax cuts will be extended, others could vanish

Most experts expect Trump to extend and possibly expand the [2017 Tax Cuts and Jobs Act](#), which is set to expire in 2025.

The TCJA was passed during Trump's first administration in January 2018. Some of the notable [tax breaks](#) still in effect include:

- **Lower individual income tax brackets.** When you pay income taxes, you'll pay one of seven tax rates, depending on your income tax bracket. The TCJA lowered five out of the seven tax rates.
- **A higher standard deduction.** Most taxpayers claim the standard deduction. The TCJA nearly doubled the amount you receive.
- **Increased Child Tax Credit.** You can receive up to \$2,000 through the CTC, up from the previous \$1,000.

While the TCJA lowered taxes for many households, most of the benefits of extending this tax law would go to those earning \$450,000 or more, according to a recent report by the Tax Policy Center. Approximately 75% of households would see some sort of tax cuts, but 45% of the policy's tax breaks would benefit high-income earners, the report found.

The incoming administration isn't planning to extend all tax breaks, however. Other tax breaks, like the EV tax credit, can lower your tax bill by \$7,500 when you buy an eligible electric vehicle, are likely to be eliminated.

Other tax plans, such as Trump's stated proposal to offer "large tax cuts for workers" and eliminate taxes on tips, are less clear.

Social Security benefits could be in jeopardy

Trump has also proposed eliminating taxes on Social Security benefits. While this could provide short-term relief for those collecting SSI benefits, it would also deplete the Social Security funds, which would hurt workers down the road, according to the Tax Policy Center.

For anyone nearing retirement or planning in advance, experts don't recommend banking on Social Security alone to fund your future. Instead, put some of your paycheck each month into a tax-advantaged retirement plan, like a 401(k) or an Individual Retirement Account. New retirement rules from the SECURE 2.0 Act in 2025 might make it easier for you to save for your future.

Student loan forgiveness and other benefits could disappear

Based on Trump's previous term and Republicans' vocal opposition to student debt relief, experts have predicted the incoming administration's plans for student loans. With Republican state leaders spearheading efforts to block forgiveness in the courts, it's unlikely things will move forward with the Biden administration's SAVE Plan or the "Plan B" broad student loan forgiveness effort.

Under Trump, the SAVE Plan is at risk, said Elaine Rubin, a student loan and policy expert with Edvisor and CNET expert review board member.

"We don't expect the Trump administration to pursue the legal battle to maintain SAVE or authorize broad forgiveness," Rubin said. If SAVE is overturned before Jan. 20, Rubin doesn't think the Biden administration would have enough time to successfully appeal the decision.

Rubin recommends borrowers pay close attention to the status of their loan repayment as court cases progress, especially if they aren't resolved before Trump takes office. She also suggests reviewing other income-driven repayment plans now, in case SAVE is struck down.

Project 2025, a far-right, conservative blueprint, proposes ending popular forgiveness programs, eliminating the Department of Education and privatizing student loans. Though Trump denied any connection to the proposal during his campaign, he has since appointed some of the plan's contributors to prominent positions in his administration. Trump also pledged to shut down the Department of Education on the campaign trail, an act that would require support from Congress.

Many parts of the Project 2025 program regarding public education, including removing the Department of Education, are highly speculative, according to Rubin. "It is unclear if he will have the votes he will need to make any or some of those changes," Rubin said.