



Written by [Bob Adelman](#) on July 30, 2018

Trump Tax Reforms Allow Companies to Expand Benefits, Increase Wages

More and more U.S. companies [are using benefits from President Trump's tax reform program](#) to enhance their employees' benefits, from paying more of their health-insurance premiums to contributing more to their retirement plans. Instead of going to pay higher salaries to company CEOs, those tax savings are increasingly going into longer paid family leaves, adoption assistance, and contributions to local charities.



Initially, it was all about tax savings. According to Americans for Tax Reform (ATR):

A family of four with an annual income of \$73,000 will see a tax cut of more than \$2,058;

A single parent with one child with an annual income of \$41,000 will see a tax cut of \$1,304;

Married small business owners with an annual income of \$100,000 will see a tax cut of \$2,603.

Repeal of the ObamaCare mandate also saved people anywhere between \$695 for an individual taxpayer up to \$2,085 for a family of four, amounts they would have paid in penalties if they did not buy the government-mandated health insurance.

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But now, according to ATR, hundreds of companies are expanding and extending other employee benefits thanks to the tax reform. They include utility companies lowering their rates, craft brewers hiring new employees and expanding their breweries, and businesses of all sizes providing new benefits, including higher contributions to their employees' 401(k) plans, employee educational programs, and increased charitable contributions.

For instance, Walmart and Lowe's now provide \$5,000 in cash to help cover the cost of adopting a child, benefitting, according to Walmart, "more than one million [of our] hourly associates." In addition, Lowe's is expanding its employee-benefits package for its full-time workers to include paid maternity leave for 10 weeks, paid parental leave for two weeks, and faster eligibility for health benefits.

American Family Insurance said that its revised and expanded family-leave program "will provide employees with paid leave to care for an ill child of any age or for a spouse or domestic partner." Charles Schwab Corporation said, "We expanded parental leave benefits for all Schwab employees, and increased the annual corporate contribution to philanthropy to benefit our local communities." Chipotle Mexican Grill announced: "We plan to invest more than one-third of these tax savings in our people, including ... one-time cash bonuses ... one-time stock bonuses ... and other benefits such as parental leave and short term disability."

Cummins decreased the out-of-pocket maximums required to be paid by its employees for healthcare, and added \$1,000 to each of their 2018 Health Savings Accounts (HSAs). Cummins also raised its minimum entry-level wage to \$15 per hour and expanded plans to allow additional paid time off for new



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parents.

CVS Health is absorbing increases in the cost of health-insurance premiums, in addition to creating a new parental-leave program. Dollar Tree estimated that it will save approximately \$250 million in taxes thanks to tax reform, and it is investing much of this in more hours and higher wages for its associates, along with additional training at no cost to the employees. McDonald's announced that employees who work just 15 hours a week will receive \$1,500 worth of tuition assistance every year. The money can be applied to local community colleges, trade schools, or a traditional four-year university, and employees' family members are eligible to use the money.

Rolls Royce, the British automobile manufacturer with 6,500 U.S. employees, announced a new employee-benefits package which includes six-week paid parental leave and two weeks of paid family-care leave.

All of this puts the lie to the never-Trumpers who have claimed that those initial \$1,000 bonuses paid out in February were just a one-time gift to assuage the guilt of managers who were giving themselves most of the benefits through higher salaries, bonuses, and stock options. According to ATR, not only do 90 percent of U.S. wage earners now have higher take-home pay, thanks to Trump's tax reform program, but they are now enjoying greatly increased non-wage benefits as well.

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