

Trump, GOP at odds over using 401(k)s to pay for tax cuts

WASHINGTON (AP) — President Donald Trump and Republicans were at odds on Wednesday over changing the 401(k) retirement program to help finance tax cuts, with the president insisting the middle-class favorite will remain untouched and lawmakers open to revisions.

Rep. Kevin Brady, the chairman of the House's tax-writing panel, wouldn't rule out changes to the program used by 55 million U.S. workers who hold some \$5 trillion in their 401(k) accounts, a system that has become a touchstone of retirement security for the middle class.

Earlier this week, Trump promised the program would be left alone, and appeared to bolster that pledge Wednesday, saying he moved swiftly to end speculation that the tax-deferred program may be changed because it's vital for working Americans.

But he went on to muddy the waters, when asked about Brady's statements hours earlier.

"Maybe it is, and maybe we'll use that as negotiating," Trump said during an impromptu news conference as he left the White House for a trip to Texas. "But trust me ... there are certain elements of deals you don't want to negotiate with ... and Kevin knows it, and I think Kevin Brady is fantastic, but he knows how important 401(k)s are."

Brady, head of the House Ways and Means Committee, said earlier Wednesday he's discussing the issue with Trump, who had shot down the possibility of changes on Monday.

And a senior Republican senator signaled he'd vote for a tax bill even if it crimped 401(k) tax benefits.

The nearly \$6 trillion GOP plan calls for steep tax cuts for corporations and promised reductions for middle-income taxpayers, a doubling of the standard deduction used by most Americans, shrinking the number of tax brackets from seven to three or four, and the repeal of inheritance taxes on multimillion-dollar estates. The child tax credit would be increased and the tax system would be simplified.

Crucial details of the plan have yet to be worked out.

An Associated Press-NORC poll released Wednesday found most Americans saying Trump's tax plan would benefit the wealthy and corporations, and less than half believing his message that "massive tax cuts" would help middle-class workers.



In this Sept. 26 photo, Rep. Kevin Brady, R-Texas, right, listens as President Donald Trump speaks during a meeting with members of the House Ways and Means committee in the Roosevelt Room of the White House in Washington.

With Republican leaders battling to show themselves as true standard bearers for the middle class, eyeing next year's midterm elections that are deemed essential to retaining their majority, the 401(k) issue has become a flashpoint. GOP lawmakers have been considering changes to the 401(k) structure, such as limiting the amount of tax-deferred contributions employees can make, as a way to help finance tax cuts.

Asked whether the retirement savings program was still a possible target, Brady said, "We're working very closely with the president."

"We think, in tax reform, we can create incentives for Americans to save more and save sooner, which can help them," Brady told reporters at a Christian Science Monitor breakfast. "So we are exploring a number of ideas in those areas. ... We are continuing discussions with the president, all focused on saving more, saving sooner."

Brady's counterpart in the Senate, Republican Orrin Hatch of Utah, also indicated that possible changes to 401(k)s remain on the table. "I'm open to looking at anything," he said.

Another senior member of the Senate Finance Committee, Sen. Chuck Grassley, R-Iowa, went further. He said although he's opposed to reducing 401(k) tax benefits, he'd vote for such a bill if the overall legislation brought the

needed tax overhaul and cuts. "We've got to have tax reform, and I can't fall on the sword for one issue," Grassley told Iowa reporters on a call.

Rep. Richard Neal, the senior Democrat on the Ways and Means Committee, said of the Republicans, "Right now, even as we speak, they appear to be going wobbly on some of the issues they've raised with great certainty in previous weeks."

The Republicans are straining to find new revenue sources to pay for anticipated tax cuts exceeding \$1 trillion.

While keeping open the possibility of changing 401(k)s, Brady also said he continues to seek a compromise with rebellious GOP lawmakers from high-tax states over the tax plan's proposed elimination of the federal deduction for state and local taxes.

"I do expect to reach an agreement with our high-tax (state) lawmakers," Brady said. "We're making good progress."

One compromise being considered would cap the state-local deduction at a single taxpayer's adjusted gross income of \$400,000 and \$800,000 for a married couple.

The deduction is a widely popular break used by some 44 million Americans, especially in high-tax, Democratic-leaning states like New York, New Jersey, Illinois and California.

No GOP dam break: Senators rally behind Trump and his agenda

WASHINGTON (AP) — There was no dam break of Republican rancor against Donald Trump on Wednesday, a day after a pair of the party's prominent senators denounced their president and invited colleagues to join them. Instead, most GOP lawmakers rallied around Trump and his agenda, with one all but saying "good riddance" to Jeff Flake of Arizona and Bob Corker of Tennessee.

"Maybe we do better by having some of the people who just don't like him leave, and replace them with somebody else," Sen. Jim Inhofe of Oklahoma told The Associated Press. "And I think that's what's happening."

Trump heartily agreed, declaring that both men were retiring because they couldn't win re-election, and "I think I'm probably helped greatly in Arizona by what happened with Sen. Flake."

Inhofe went further than most GOP lawmakers, but he had plenty of company in his refusal to echo the criticisms of Flake and Corker. Trump himself proclaimed he was leading a party unified in its pursuit of tax cut legislation.

"There is great unity in the Republican Party," he contended as he left the White House for a hurricane briefing and other events in Texas. Claiming a show of affection at his appearance at a Senate GOP lunch a day earlier, Trump said: "I called it a lovefest. It was almost a lovefest. Maybe it was a lovefest." He's said repeatedly that he got multiple standing ovations.

But if the lunch — no outsiders allowed — displayed unity of sorts, the events that preceded and followed it did the opposite. First Corker and then

Flake blistered Trump with criticism, accusing him of leading the nation into a moral black hole. Both lawmakers do plan to retire at the end of next year, a semi-bombshell Flake dropped Tuesday, freeing them to speak without fear.

Flake kept it up Wednesday with an opinion piece in The Washington Post. He likened the current moment to the red scare era of the early 1950s when Sen. Joseph McCarthy threw accusations of communism at a wide range of people. McCarthy's career ended in disgrace, his downfall hastened when an Army lawyer, Joseph Welch, confronted him at a hearing with the question: "Have you no sense of decency, Sir, at long last?"

"We face just such a time now. We have again forgotten who we are supposed to be," Flake wrote. "There is a sickness in our system — and it is contagious."

"Nine months of this administration is enough for us to stop pretending that this is somehow normal, and that we are on the verge of some sort of pivot to governing, to stability. Nine months is more than enough for us to say, loudly and clearly: Enough."

Flake has contended in interviews that the Republican Party is at a tipping point, or close to one, and others will start to speak out, too.

There was scant evidence of that Wednesday on Capitol Hill, aside from the few Republicans in the House and Senate who have already made public their grievances with Trump. Nearly everyone else dodged questions on the topic, voiced unqualified support for Trump, or answered by saying that the GOP must remain focused.

BRIEFLY

Premiums rising 34 percent for most popular health plan

WASHINGTON (AP) — Premiums for the most popular "Obamacare" plans are going up an average of 34 percent, according to a study Wednesday that confirms dire predictions about the impact of political turmoil on consumers.

Window-shopping on HealthCare.gov went live Wednesday, so across the country consumers going online can see the consequences themselves ahead of the Nov. 1 start of sign-up season for 2018.

The consulting firm Avalere Health crunched newly released government data and found that the Trump administration's actions are contributing to the price hikes by adding instability to the underlying problems of the health law's marketplaces.

President Donald Trump

puts the blame squarely on "Obamacare" saying the program is imploding, while ignoring warnings that his administration's actions could make things worse.

The Avalere analysis is for the 39 states using HealthCare.gov. Along with the increase for silver plans, premiums also are going up by double digits for different levels of coverage, including bronze (18 percent), gold (16 percent), and platinum (24 percent).

Many states had higher increases. Avalere found that average plan silver premiums will go up by 49 percent in Florida, 43 percent in Missouri, and 65 percent in Wyoming.

Consumers eligible for income-based tax credits will be protected from rising premiums but those who pay full-cost face a second consecutive year of sharp premium increases.

Only three states will see declines — Alaska, Arizona, and North Dakota.

Avalere said market instability is driven by Trump's recent decision to end subsidy payments to insurers, the continued debate over "Obamacare" repeal and replace, and a presidential executive order that could open a path for lower cost plans outside of the Obama-era law.

Trump says Clinton team funding for Russia info 'a disgrace'

WASHINGTON (AP) — President Donald Trump and fellow Republicans latched onto revelations tying Hillary Clinton's presidential campaign to a dossier of allegations about his ties to Russia. The president said Wednesday it was a "disgrace" that Democrats had helped pay for research that produced the document.

"It's just really — it's a very sad commentary on politics in this

country," Trump said in addressing reporters one day after news reports revealed that the Clinton campaign and the Democratic National Committee, for several months last year, helped fund research that ultimately ended up in the dossier.

The document, compiled by a former British spy and alleging a compromised relationship between Trump and the Kremlin, has emerged this year as a political flashpoint. Law enforcement officials have worked to corroborate its claims. James Comey, FBI director at the time, advised Trump about the existence of the allegations, and the ex-spy who helped assemble the document, Christopher Steele, has been questioned as part of an ongoing probe into possible coordination between Russia and the Trump camp.

Trump has derided the document as "phony stuff" and "fake news" and portrayed himself Wednesday as an aggrieved party,

posting on Twitter a quote he said was from Fox News that referred to him as "the victim." The new disclosure about the dossier's origins is likely to fuel complaints by Trump and his supporters that the document is merely a collection of salacious and uncorroborated claims.

"Well, I think it's very sad what they've done with this fake dossier," Trump said Wednesday, adding without elaboration that "they paid a tremendous amount of money." He contended that Democrats had initially denied any connection to the document, but now, "they admitted it, and they're embarrassed by it."

Separately Wednesday, the editor of Wikileaks confirmed that his group was approached by Cambridge Analytica, a data firm working for Trump's campaign during the 2016 election.

Julian Assange said Wikileaks received a "request for information" from Cambridge.

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