

## *How the 2009 Stimulus Plan Affects Us*

As promised in last month's newsletter, this month begins a series of how to successfully deal with some of the worst economic times in our lifetime. I realize that this is a herculean goal and that I am, in no way, imminently qualified to address such an austere subject. However, I live where you live. These times have affected my life just like they have yours. It is my hope that we can find some solutions to help us deal with these times by:

1. Understanding our current circumstances
2. Evaluating the financial and tax consequences of decisions that we make
3. Searching for a clear path in our journey for financial security
4. Extending our horizon of what the future holds for us financially

### UNDERSTANDING OUR CURRENT CIRCUMSTANCES

One of the most critical issues that we face in dealing with our current economic circumstances is how our government's actions will impact our lives. As we review the circumstances that we currently face, there is no question that the government's actions have contributed to the mess we find ourselves in as a country. The easing of credit standards (encouraged and in some cases demanded by the government) in the housing market is the principle cause of our current dilemma.

In my opinion, we have a government that is out of control. Instead of instituting policies that promote freedom, independence and job creation, all I currently see are "politically correct" short sighted actions with frightening long term consequences.

The **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009** (i.e. 2009 Stimulus Plan) signed into law by the president on February 17, 2009 is a good example of the government's attempt to address our current problems and stimulate the economy. This massive act, over 1000 pages in length, was approved by the Congress in such a rapid manner that no member of the legislature ever read the whole thing before signing it. Had they taken the time to review the entire bill they would have discovered that it was long on government spending and short on economic stimulus. The Act specifies that 37% of the package is to be devoted to tax cuts for middle income and lower income people equaling \$288 billion; 18% (or \$144 billion) is allocated to state and local fiscal relief (more than 90% of the state aid is going to Medicaid and education) and 45% (or \$357 billion) of the act is allocated to federal social programs and federal spending programs bringing this enormous act to \$789 billion. There was little to no stimulus legislation directed to small businesses which make up 70% of the work force in this country.

What was billed as an economic stimulus plan would be more appropriately described as a massive government spending bill. Instead of taking steps to promote more job creation, which in turn stimulates the economy, our legislators have significantly increased our deficit with little to no promise of increased

productivity. They signed into law personal “feel good” programs that do nothing more but increase the size of the federal government and produce no long term real benefit to the private sector.

As I look over this massive “special interest” wish list I am reminded of the adage that says:

**“Give a man a fish and he will eat for a day, but teach a man to fish and he will eat for a lifetime”.**

It seems that our current administration and lawmakers have forgotten what the free enterprise system is all about. This system, which is the hallmark of our existence and makes us the envy of the world, when allowed to work as it was designed ultimately paves the way for a vibrant and healthy economy. When the government steps in to keep businesses from failing, they take away the motivation for a business to strive to succeed. It’s almost like a parent that steps in to protect his/her wayward child. As long as the parent intercedes, the child never has to take responsibility for his own actions and ultimately remains dependent on the parent for his/her every need.

I’m not sure what happens when our government officials get to Washington, but, common sense apparently goes out of the window when they take the oath of office.

But, the legislation that was passed under the guise of a stimulus plan will do anything but stimulate the economy. What our legislators have created for us, instead, is a deficit that will take generations to repay.

So as we look at our current circumstances, I don’t see any silver lining in the plans our government has laid out. I think that we can expect a rough road ahead, at least in the foreseeable future. And until we ultimately stand up and demand responsible fiscal responsibility and leadership, we have little to look forward to except continuous struggles with increasing deficits, higher unemployment, higher inflation, higher taxes and more government intrusion into our lives.

But, to avoid ending this month’s newsletter on a negative note, all is not lost. You do have a voice in making the future better for ourselves, our children and our grandchildren and that is your vote. It’s not the current government that’s going to fix our problems. It is your vote that can turn this economy around.

The Tea Party rallies on April 15 were a starting point to Americans speaking out about the irresponsible way that the administration and our legislators are leading this country. Republicans, Democrats, and Independents came together to send a message to Washington. And as this movement continues to gain momentum, hopefully, Washington will stand up and take notice that millions and millions of voters are fed up with the irresponsible leadership being provided to them.

This message may, in fact, be getting through to others in this country because Californians recently sent a strong message to the leadership in that state. They voted not to approve higher taxes to reign in the bloated government spending that has left them with a \$25 Billion deficit. The next step in that process for them is to vote in candidates who will provide the common sense measures to get control of their government’s spending.

Would that we should all follow their example.

*Til next time,*

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