

## Game plan for America- “A pro-growth and economic revolution”

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1. Implement a single flat tax on income with no deductions or credits. Start with a 20% tax rate.

The flat tax is critical for a number of reasons. First public programs, services, roads, parks, and schools are for the use of all citizens and should be paid for by all citizens. Second it would eliminate class politics. If our representatives deem it necessary to raise taxes, then taxes need to be raised equally on everyone, not just aimed at non-constituents or protecting political allies. This is how we've created such a monstrosity of a tax code in the first place; a tax code that allows political manipulation and preferences. Third it would drastically simplify the tax code and would create great savings not only on the Federal budget, but to the private sector as it would be much cheaper to do your own taxes.

Pay yourself first:

Whether we agree or not our society has obviously made decisions that favor fiscal security over economic freedom. However, we should not continue the practice of using the labors of one group to pay for the benefits of another. If we want every citizen to have health care, and we want every citizen to be able to retire; let people pay themselves first and take ownership of these items. Therefore, a bottom baseline number should be established for short term health care, long term health savings, and retirement savings.

For short term health care, a baseline amount should be established for an average catastrophic health insurance plan. For long term health care and retirement a baseline rate should be established that would allow people to build an account to pay for future health care issues and retirement. Pay yourself first would look something like this: Baselines- \$3,000 for catastrophic plan, \$1,000 for long term health care, \$2,000 for the retirement. Along with a Social Security number a Health Savings Account and Retirement Savings Account would be established.

Examples: (Assuming a 20% Flat Tax)

\$30,000 income would pay \$6,000 in taxes.

\$3,000 H.S.A. for short-term catastrophic coverage

\$1,000 H.S.A. for long-term care

\$2,000 H.S.A. for Retirement Saving Account

\$0 to the General Fund

0% taxes to the General Fund

Therefore at this flat tax rate, with the assumed baselines all tax revenue by people making under \$30,000 would go into their own accounts.

\$75,000 income would pay \$15,000 in taxes. .

\$3,000 H.S.A. for short-term catastrophic coverage

\$1,000 H.S.A. for long-term care

\$2,000 H.S.A. for Retirement Saving Account

\$9,000 to the General Fund

12% to the General Fund

\$150,000 income would pay \$30,000 in taxes.

\$3,000 H.S.A. for short-term catastrophic coverage

\$1,000 H.S.A. for long-term care

\$2,000 H.S.A. for Retirement Saving Account

\$24,000 to the General Fund

16% to the General Fund

\$300,000 income would pay \$60,000 in taxes. .

\$3,000 H.S.A. for short-term catastrophic coverage

\$1,000 H.S.A. for long-term care

\$2,000 H.S.A. for Retirement Saving Account

\$54,000 to the General Fund

18% to the General Fund

For the Record:

\$1,000 invested yearly @ 6% for 45 years = \$229,666

\$2,000 invested yearly @ 6% for 45 years = \$459,332

Your Health Savings Account is your property and can be invested as you wish; however, it can only be used on Health Care or Health insurance expenditures. You are free to buy any health insurance policy you wish or none at all, and you can choose to tap some or none of your health savings account, but this is your safety net and you are responsible for it. The Government will not mandate health insurance; it will only provide a method to give you back your tax money to pay for your health care wishes.

The Retirement Saving Account is your property, and is to be invested as you wish although it may not be tapped until retirement age. At retirement age, the account may be tapped and spent as you wish; however, this is your safety net and it is your responsibility to take care of your own financial well being. At death any money left in either your Health Saving Account, or your Retirement Saving Account will be left to whomever you wish tax free.

2. Eliminate the capital gains tax, estate tax, and corporate tax.

These are all forms of double taxation. This is the key to investment and American competitiveness. Low corporate taxes and capital gains taxes encourage retained earnings, which is nothing more than reinvestment into corporations that are making money. Corporations that are making profits are providing services and goods that the public is demanding. It allocates resources based on demand in lieu of Political preference. This results in increased wages, more jobs, and more capital investment. All of this increases the wealth of the private sector.

First look at it from the business side: If you are a stockholder of a corporation that makes a profit what happens to those profits? The corporation can pay a dividend (personal income), which would be taxed at the flat tax rate and would cut your share of the profit by 20%. Instead, if the earnings are retained and the company reinvests in itself; the value of the company and in turn your shares should increase by at least the full amount of your profit less capital gains taxes. However, profitable companies usually make money on investment, and so most likely the value of the company will increase by more than the profits retained. Now your share of the profit has gone from 80% (if paid out) to some 100% plus (retained) depending on the success of the corporation, all by growing your corporation and in turn a small part of the economy. The shareholder gains wealth to the benefit of the private sector economy. This is win-win Economics 101.

Second look at it from the consumer side: A profitable company sells products and services that the public wants or needs, which is why consumers spend their money on these products or services. Therefore, any taxes on the profitable corporation are increasing the cost to make products and services that the consumer wants or needs. This becomes an inherent tax on the consumer. Now that tax may be redistributed to subsidize or provide other products and services that the consumer wants and needs as badly, but that would require the political class to efficiently and properly allocate resources based directly on consumer demand in lieu of political preferences. In fact the politician would have to do better than a 1:1 redistribution, as there is a cost for him or her to collect and redistribute the tax (bureaucracy). This is highly unlikely, and the cost of the corporate tax is lowering the standard of living for the consumer.

3. Phase out and eliminate Social Security and phase out and drastically decrease the scope of Medicare.

Social Security First:

Americans pay 12.4% of their salary into the social security program. If a 20 year old person started a job today @ \$15/hr and worked at that same job until they were 67 (Social Security Retirement Age) assuming their wage increased only 2% while inflation increased 3%, this person would have paid in \$232,989 to the Social Security program. If that same 12.4% would have

been invested by that individual and gained a meager 5% return on their investment, they would own a portfolio valued at \$1,407,906 or \$350,932 in today's dollars. Knowing that the current Social Security program is drastically under-funded, would you rather pay \$232,989 into the government coffers over the next 47 years, or would you rather invest that money and build personal wealth.

Note: this is just one example, however the variables could be mixed and matched a thousand ways, but the bottom line is you are left with a choice between a large amount of real wealth at retirement age or a payment that is dependent upon politicians. Even if the politicians keep the current system any financial advisor worth their salt would recommend investing and building your own wealth. Not to mention the macroeconomic benefits of individuals investing more of their salaries into the private economy. This could produce an economic boom itself.

Unfortunately, Americans have been paying into this scam of a system their entire working careers and they were promised by lying politicians that Social Security would be protected even while they were spending the surpluses. Regardless, we will need to phase out this system. This is a political obstacle, but we can either put our heads in the sand and continue on a path that is unsustainable and dishonest, or we can resolve the problem.

Solution: Stop the pay in immediately, stop the entitlement. Shift Social Security payments to become a general fund liability. By continuing the pay in we are only continuing to increase our liabilities. We need to stop increasing our liabilities, and just pay the damn bill. This may mean an increase in the flat tax, but we've dug a deep hole and we need to stop digging. While painful, we must stop kicking the can down the road, and pay for past mistakes.

Medicare:

In the long-term the Health Savings Accounts are going to be necessary to do away with Medicare, but in the short term Medicare is a real issue. Medicare is essentially free health care for everyone over 65; no wonder seniors like it, no wonder it is under-funded, and with free health care for everyone over 65 no wonder health expenditures are skyrocketing. Over 65 is a gigantic voting bloc, and while Social Security is a political firestorm, Medicare has become even worse.

Solution:

Stop the pay in now, stop the entitlement. Make Medicare payments a General Fund Item. Phase the program out by increasing the age limit. In the long-term Health Savings Accounts will replace Medicare for day to day senior health care insurance, and Medicare will become more of a long-term nursing and end of life care program.

65 and over- nothing changes

61-64 you qualify when you are 66- nothing changes

51-60 you qualify when you are 68-nothing changes

41-50 you qualify when you are 72- nothing changes

31-40 you qualify when you are 75-nothing changes

30 and under- you qualify when you are 80 and the services provided will be limited and focused on long-term nursing care and end of life care, not day to day health care needs.

4. Pay down the debt. Amend the Constitution. Although current policy is badly hurting our fiscal position, America has not been put in this precarious position this year, nor the last eight years. America has been on a road of fiscal irresponsibility for years under the leadership of pandering politicians. Politicians simply cannot control themselves and it is for this reason, we need to control politicians. Politicians' powers need to be limited in scope so that Americans' lives may be free. This would best be done through spending restraints. Either we need a Balanced Budget Amendment or we need an Amendment that would tie the national debt ceiling to a percentage of GDP (10%). Once Amended it would require 66 Senate votes to have a budget not balanced or spend more than 10% of GDP, which presumably would only be feasible in emergency situations such as a time of war.
  
5. Deregulate. Oversight and regulation is not only a large cost to our Federal Budget, but a huge burden on private business. There is no such thing as too big to fail. If you fail you fail, your assets are bought up at rock bottom prices setting up other entrepreneurs with new ideas and provides a great opportunity. With investment comes risk, and with risk comes opportunity. We should fire all Czars or Tsars of any kind. We should get completely out of Freddie Mac, Fannie Mae, GM, AIG, Amtrak, and any other private company we are propping up. Sell immediately, the government only impedes the private sector. Uphold contract law, uphold private property rights, and get the hell out of the way as business and our economy booms.

Now here are five real and specific solutions in less than five pages. President Obama yapped on for what seemed like hours in his State of the Union, and yet he didn't propose any specific solutions, and certainly not anything to promote growth; "rhetoric, rhetoric, more empty rhetoric" but elegantly spoken "rhetoric". Read the Stimulus Bill, last year's budget, this year's budget, Cardcheck, the Cap and Trade Legislation, and certainly read the Senate and House Health Care Bills and you will see the economic sabotage that is taking place in this country. However, the pendulum is coming back from the brink of Socialism, and the time is right to correct this sinking ship.

Real solutions, here they are, debate them, revise them, improve them, use them, support them, implement them, come up with others, but let's start a pro growth movement that would pass Economics 101 or at least 2<sup>nd</sup> grade math. Join me, please. Pass this or any pro-growth message on, send it to your Representative, your Senator, your neighbor, your boss, your boyfriend, your mother, or just shout it in the streets. It time for an economic revolution and put an end to this economic revulsion.