

# The New Economy – Things Are Different Now

*From the Desk of the Honorable David M. Walker*

The variables in the economic equation, at every level, are different now and will be going forward. The economy is not the same as it was 20, 30, 40 years ago. We are in a new day and a new economy, and it will have profound effects on individuals and families in regards to their financial future. The federal government is out of control, and spending is a bi-partisan problem. Government has grown too big, promised too much and it must be restructured. Some tough choices must be made soon. For our own security, we must take personal responsibility and get it right down at the individual and family level.



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*"Math is the new four letter word in politics."  
-Honorable David M. Walker, Former Comptroller  
General of the United States*

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- The monetary and fiscal path we are currently on at the Federal level is unsustainable and changes have to be made. These changes will have significant implications downstream at the state, local and family/individual levels. Many states and municipalities are in even worse shape and this could have an even greater effect on the residents of those areas.
- Increasing income tax - aggregate tax burdens will likely go up over time.
- Demographics determine destiny - Baby boomers are turning 65 at a rate of 10,000 per day. This will soon increase to closer to 11,000 per day. This means that money will be leaving the markets in unprecedented amounts for retirement funding and required minimum distributions under the tax law.
- Changes will have to be made to Social Security and Medicare. Those under the age of 55 may see their benefits start at a later age and to be different than originally promised. Without any changes to the current situation, Social Security benefits will be cut across the board for everyone by 23% in the year 2032.
- We are in an artificially prolonged time of historically low interest rates. Interest rates will go up over time.
- Healthcare costs are outpacing the growth rate of our economy. You will pay more than you expect for healthcare cost over time due to rising cost and longer lifespans.
- We are likely to see more market volatility and lower than average historic rates of return on investments.
- What we have done to future generations is immoral, unethical and irresponsible, and it must stop.
- People must take more personal responsibility. They must realize that they are likely to live longer than they expect, and that they will need more than they expect for retirement. Most people are not adequately preparing for their financial future. People need to plan, save, invest, preserve and protect for their future based on the economic conditions and the changes that must be made within governments.

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*"We must take care of our own house first. If we can't get it right for ourselves, how can and why should we expect any different from government. We must take personal responsibility for ourselves and our loved ones in order to mitigate the effects of the coming economic and fiscal issues and changes to be made. It will take patience, persistence, perseverance and pain, but we must do what is necessary to create a better future for ourselves, our families and our country. I personally have provided peace of mind, certainty, security and control for my wife and myself by utilizing a significant portion of our retirement savings to purchase products from financially strong insurance companies, therefore protecting and preserving our retirement savings. You should consider what makes sense for you and your family. Nowlin and Associates can help you do so." - David M. Walker*