

WCM February Newsletter



DID YOU KNOW

TAX TIME IS HERE!

Tax forms for your Raymond James accounts are starting to be sent out. You can see your tax forms online

More information [here](#).

Secure 2.0 [updates](#)

MONTHLY COMMENTARY

MASTER OF COIN

It is incumbent on every generation to pay its own debts as it goes. -Thomas Jefferson

What does the Debt Ceiling have to do with Game of Thrones?

DOING GOOD TOGETHER

Look to our Newsletters over the next couple of months for opportunities to join us in making a difference.

Integrity, diligence
& unwavering commitment



WE HOPE THAT YOU ARE HAVING A GREAT START TO 2023. WE HAVE BEEN ASKING MORE AND MORE OF YOU A FEW QUESTIONS TO HELP US SERVE YOU BETTER. LOOK FOR MORE ON THIS SUBJECT.

-What does Wasatch Capital Management do that makes us different than other Money Managers?

-Why choose us? Why did you choose us?

DID YOU KNOW ?

You have started to receive your tax forms and may start to have a lot of questions on what is ready and what you can give your CPA. While you can see many forms on the website now you can

Tax Dates 2022

Form	Account Type	Explanation	Mailed by
Various	Raymond James Bank	Mailing of year-end bank tax packets.	1/31/2023
1099-R / 5498	Retirement	Mailing of year-end retirement tax packets for 1099-R and 5498.	1/31/2023
1099-Q	Education Savings	Mailing of Form 1099-Q to clients that either took a distribution or rolled over their CollegeAmerica Savings plan account held directly at Raymond James.	1/31/2023
1099	Retail	Raymond James begins mailing Original 1099s. Early mailing excludes holders of securities likely to have income reallocated (Mutual Funds/UITs), WHFIT, WHMT, and REMIC.	2/15/2023
1099	Retail	Raymond James begins mailing Amended 1099s and Original 1099s delayed due to specific holdings and/or income reallocation.	2/28/2023
1099	Retail	Raymond James mails the remaining Original 1099s.	3/15/2023
1042-S	Retail and Retirement	Mailing of original retail and retirement 1042-S.	3/15/2023

TAX YEAR 2022 RESOURCES

2022 Form 1099-Q Payments from Qualified Education Programs Guide - [click here](#)
 2022 Composite Form 1099 Guide - [click here](#)
 2022 Retirement Tax Packages Guide - [click here](#)
 H&R Block users [click here](#) for additional

Most of you will start to see your taxable account 1099 and tax forms this week. 1099-R forms for your IRAs have mostly been sent at the

Master of Coin

By Mark Lazar

Mark Lazar is an independent writer with Pathway to Prosperity and is not affiliated with Raymond James. Views expressed by this writer are the current opinions of this author and not necessarily those of Raymond James & Associates.

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-Thomas Jefferson



In the *Game of Thrones* series, after leading a hard-fought, bloody rebellion and ultimately winning the Iron Throne, King Robert quickly discovers he has no interest in the administrative affairs of a kingdom, and hence delegates all such matters. The previous ruler, King Aerys II, was fiscally responsible and maintained a substantial surplus of gold in the royal coffers. By contrast, Robert proved to be a profligate monarch, eventually squandering the surplus, and plunging the kingdom into debt. King Robert's Master of Coin was the cunning Lord Baelish, who was frequently scheming as to whether to borrow funds from the wealthy House Lannister or the Iron Bank of Braavos. Not surprisingly, the borrowed gold was never for the purpose of improving the prosperity and living standards of the common folk, but rather for tournaments, feasts, and royal celebrations.

King Robert's only fiscal restraint was his Master of Coin's ability to borrow money. But unlike the fictitious Seven Kingdoms, the US does have legislative controls, and the one currently in the spotlight is the [debt limit](#). Ironically, both parties are accusing the other side of reckless behavior. But two things can be true at the same time. While it's unethical to not to pay one's debts, it's immoral to spend money injudiciously. This is true both for individuals as well as governments.

Where did the debt ceiling come from and what purpose does it serve? In 1917 the Second Liberty Bond Act created a debt ceiling which empowered Congress to control the federal purse. Furthermore, a limit on federal debt imposed a form a fiscal accountability compelling both Congress and the President to take visible action in order to increase the federal government's ability to borrow/spend more. The 1917 Act established a debt limit of [\\$11.5 billion](#), which adjusted for inflation would be [\\$262B](#) today. But since

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WWII Congress has increased the debt limit over [100 times](#), and it now sits at [\\$31.4 trillion](#), or 11,908% more in inflation-adjusted dollars.

Once the limit is reached, the Treasury Department must halt issuance of debt securities and, instead, limit spending to the amount of tax revenues collected. Additionally, there are accounting gimmicks the Treasury can employ to postpone a partial government shutdown or default. These extraordinary measures have been used in the past to provide additional runway for Congress and the Administration to reach an agreement.

President Biden is demanding a “clean” debt ceiling increase; no discussion, no concession, whereas House Speaker McCarthy has expressed a willingness to approve an increase contingent upon future spending concessions. According to Treasury Secretary Yellen a resolution must occur before [early June](#) to avoid a possible default.

While it's clear that the debt ceiling must be increased, what's shocking is the number of pundits urging the Administration to forgo negotiations and instead opt for unilateral action. One such proposal being the Treasury Department could conceivably instruct the US Mint to produce a [trillion-dollar platinum coin](#), which would be deposited with the Federal Reserve then, voila, problem solved. But is fiscal responsibility achieved by simply borrowing more money to pay present debt? Debt that will not be paid by the past and present beneficiaries of government largess, but by our children and grandchildren. To President's Biden's credit he dismissed the notion of abolishing the debt ceiling as "irresponsible."

While Yellen has thus far rejected the idea of issuing a platinum coin, other proposed loopholes include invoking the [14th Amendment](#), issuing high interest (above market interest rate) bonds, and abolishing the debt ceiling altogether; an idea [Yellen endorsed](#). While the lack of merit and logic of the first two shenanigans is a discussion for another time, it's the third that is most troublesome. The United States' system of government was designed by the Framers to be neither efficient nor expedient. Rather, it was intended to be methodical, deliberative, and ponderous. The Founders were fearful of an impulsive, unconstrained government, one that could change laws and policies on a whim. What Administration hasn't expressed frustration at the Constitutional constraints that prevented them from implementing all of their *wonderful ideas*? But would you be willing to grant autocratic rule to the previous Administration? The one before it? What about the one before that?

At [\\$31.4T](#) and counting, US debt is rising at the fastest peacetime rate in history. According to the [CBO](#), over the next decade the federal deficit will increase by nearly [\\$16T](#) or 50% of the current total. And for the record; the CBO has consistently underestimated both deficits and debt projections. This is largely because the CBO *never* forecasts recessions, wars, pandemics, or the like. With that in mind, the odds are good their numbers understate the amount of additional debt the US will accrue over the coming decade.

One of the primary duties of government is the planning, collection, and management of public funds, yet Washington bureaucrats have failed to produce a balanced budget [49](#) out of the last 54 years. However, the solution isn't to abolish Constitutional safeguards, but rather to work within that framework. Which is why Yellen's eagerness to abolish the debt ceiling is so troubling. The principles of the Constitution should not be regarded as an impediment to budgeting, but rather as the basic platform for public policy for which the federal budget is intended to sustain. We deserve a judicious government willing to fulfill its essential duty regarding the management of public funds, not a Master of Coin.

Mark Lazar, MBA
Certified Financial Planner™
[Pathway to Prosperity](#)

WCM Team This Month



Stan

Stan & Ronda in Palm Springs meeting clients.



Nicola

Nicola's youngest son's Senior Night for Basketball



Rees

Rees and his family at the Rose Bowl.



Jon

Jon at the 5th grade Symphony field trip with his daughter Kailani



Matt

Matt and Sam on the beach.



John

John and Shawn in Mexico.

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