

“I Have a Some Savings...But I Can't Afford to Spend It!”

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Note: The following document was written on September 20, 2010. Although the numbers/amount of dollars and possibly statistics have changed since then, the ideas and comments are relevant for today.

According to a 2009 report from the Employee Benefit Research Institute in Washington, about 50 million Americans have 401(k) plans. Total assets from these plans are estimated at \$2.5 trillion. Although the amount of assets from these plans has been more than \$3 trillion as late as 2007, the \$2.5 trillion is still a lot of “dough” that is a potential for investing in America. Why do we not invest in America? Easy answer...because America’s policies and politics are keeping Americans from utilizing the funds.

The United States Treasury Department and Congress are doing what most of the economists are complaining about as to why Americans are not spending and buying to keep businesses in business and investing in other commodities (businesses, homes, vehicles and other wants and needs around the house). The United States Internal Revenue Service causes me and those other 50 million Americans that have 401 (K) plans to hold on to their money. When the 50 million Americans with \$2.5 trillion dollars in their savings have to pay Uncle Sam a tremendous “ungodly” share of those savings when part of the 401 (K) is pulled out for use, then the 401 (K) invested Americans will not do it. For instance, if I have \$500,000 in my 401 (K) or other savings, I either am not allowed to remove the savings from my account or I am taxed at the higher rate on the amount pulled out of savings in which my total income would be reported. If my income for retirement, social security, etc. amounted to \$75,000, then the highest rate of income I would be taxed would be 25%. However, by pulling out \$50,000 of my savings (401 K) to purchase items of need, some or part of the \$50,000 would be taxed at the highest rate in that bracket (28%).

Therefore, unless there is an emergency in my life, I would be very unwise to pull anything out of my savings because America would want to tax and penalize me for being “a good, tax-paying American.” Not only would I be taxed on my money that I pulled out of savings, I would be penalized an additional 10% on the money I pulled out if I were younger than 59 1/2 years old.

Economists claim we are hoarding our money. No, we are not hoarding our money, we just do not want to be robbed of our savings and, therefore, we will not pull the money out to stimulate the economy on things that the government makes the decision as to how to spend.

Don't tell me that the government is on our side. Don't tell me that they are doing everything they can to stimulate the economy. Don't tell me that they have to use our money (taxes) to stimulate the economy when the taxpayers would be willing to spend on items that they have needed, and even wanted over the years, if they did not have to pay taxes and penalties on the money extracted from their 401 (K)s.

The plan...my plan is:

- ***Allow 10% of each individual's 401 (K) or similar type accounts to be used by the individual that owns the account to purchase any American-made product, service, or investment in equipment or employees in new or existing businesses for a set number of months.***
- ***That 10% will not be added to the individual's income for the year that he pulls this out (say 2011). There would be only a 12-month period (as soon as possible) for this money to be pulled out of savings without withholding taxes and penalty fees.***
- ***The money requested (10%) must be used and not placed back into a savings account for a rainy day. It must be used to get the economy back to normal. Hopefully, this personal stimulus would cause stock markets to climb and businesses in America to flourish and succeed.***

- *If money were used to purchase foreign products or services, this would be taxed (added as income for the year as it is at present).*
- *The 10% that would be used by the owners of their own money would actually cause a rise in the stock market enough that they actually might not be losing the 10%...possibly even making more on the 90% left than the total individual account had prior to removal of 10%.*
- *If the invested securities were given to family members or other resources by the 401 (K) savings account recipient, those family members or other resources would have to use money for the same purposes (to stimulate the economy).*

What would this do for America?

The Positive Impact:

- *Consumer confidence would sky rocket*
- **The Stock Market would accelerate*
- *Unemployed Americans would be put back to work: Employment would increase to provide the added services initiated by this stimulus money*
- *New Businesses would be jump started*
- *Old Businesses would be stimulated for growth in domestic products*
- *Americans would help Americans recover from financial disaster*
- *Union and Non-Union workers would be working together to make this country what it is supposed to be, "One Nation United."*
Please....no stipulation of certain type of products that use unionized labor. In other words, there would be no discrimination or manipulation of use of funds (our funds).

** My prediction: If this plan were implemented, the Dow would close one year later 10% above what it was when implemented.*

The Negative Impact:

- ***Criticism from other countries for stimulating the purchase of American made products and services***
- ***Possible criticism from stock brokers and banking firms (short-term) having to return “the people’s” money***
- ***Possible criticism from American workers that don’t have 401 (K)s or similar saving accounts***
- ***IRS would have added work to ensure stipulated use of distributed funds (needs and services utilized by the ones that have funds in the 401 Ks).***
- ***Income tax from the 10% removed from 401K would be eliminated. However, this would be a minimal thing due to the fact that if the economy skyrocketed and employment increased, more taxes from individuals would be evident. More employees working...more taxes coming into the U.S. Treasury***
- ***There would have to be many regulations changed in the 401 (K) and similar savings programs and regulatory laws. However, if Congress can pass a health bill that most of Americans do not want, then surely they can pass anything that would help jump-start this economy.***

Remember....this is our money. Why can’t Uncle Sam work with us “for America’s Sake”...for goodness sake?

Note: I have not mentioned the other savings and retirement accounts such as IRAs.

Washington, DC, November 23, 2009 - Americans are accumulating significant resources in individual retirement accounts (IRAs) through rollovers from employer-sponsored retirement plans and contributions, according to a new report published today by the Investment Company Institute. At year-end 2008, IRAs accounted for one-quarter of all U.S. retirement wealth and 8.5 percent of total U.S. household financial assets.

At the end of 2008, there were \$3.5 trillion dollars in IRAs.

However, As you can readily see, I am not a financial whiz or one that knows tax regulations and all of the laws governing one's personal investments and money in the various savings and retirement accounts. However, I do know that if it takes money to purchase items needed around the house, to repair vehicles, and to replace furniture and equipment due to age, there ought to be someone in the elite halls of Congress that can understand why people with money do not invest and use that money to keep the economy and businesses flourishing. These people with money do not need to be punished for saving and spending the money they have. Hoarding? No, we are not hoarding. We just want to be a wise investor of OUR savings.

Do you know why the thinking American citizen fears the Obama Administrations' policies and future plans today?

Obama and his administration's ideology as to what the people's savings could do for America is:

Utilize the funds in America's 401 Ks and Retirement accounts and redistribute the wealth to those that "don't have." In other words, force Americans to use their 401 Ks, retirement accounts, etc. to assure "everyone has a home" or help "get the nation out of the terrible debt our grandchildren are now facing."

The cat has been let out of the bag. Our Vice President, Mr. Biden, stated, "It's a simple proposition to us: Everyone is entitled to adequate medical health care; if you call that a 'redistribution of income' — well, so be it. I don't call it that. I call it just being fair — giving the middle class taxpayers an even break that the wealthy have been getting."

Again, I am just another legal citizen of the United States that have worked many years to accumulate what "wealth" my wife and I have in the way of finances. However, our wealth is far more than just dollars and cents; my wealth is found in my children and grandchildren and God Almighty who gives what wealth each might attain in life. For all wealth and prosperity comes from Him, He who created the heavens and earth and all that is therein. What little wisdom I have I owe to Him.

I do, however, know that I am one of the ones who was given the ten talents. I recognize that my heritage, my citizenship, and my world in which I was raised and grew up in, requires a giving back of those blessings of God with interest. I pray that my time on this earth has done that.

It should be said, however, that the same Book in which I have been challenged to give back is the same Book that says, "If you don't work, you don't eat." I desire to help anyone who is in need that desires to help one's self.

May God grant those in power with wisdom to listen, learn, and lead with responsible, ethical, and worthy goals and objectives.

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