

Memorandum

To: Clients, Associates & Friends of Pro@ctive CPA
From: Mark L. Wyssbrod, Managing Member
Date: October 18, 2013
Re: Economic observations: I can fix America!

In this memorandum, you will receive information about the following:

- Is the GOP really for US debt default?
- Do health insurance refunds teach to overcharge?
- I can fix America

Please contact me should you have any questions. I'm ready to implement solutions!

Is the GOP really for US debt default?

It is odd to me that the political party which preaches personal responsibility and is known for pro-business is also pro-US debt default. It might not be the entire Republican Party, but the rhetoric is loud enough to raise an eyebrow.

What happens in a world where it is OK to default? We should tread carefully here. The wealth in the US is getting more concentrated in the top 5%, this means more individuals have minimal or no net worth. If you do not have any assets, but you do have debt; a default is not necessarily a harmful issue for you. So who is really at risk, the individual who borrowed the money or the lender?

Do health insurance refunds teach to overcharge?

The Affordable Health Care Act forces health insurance companies to issue refunds if they do not spend a certain amount of premiums on costs. However, if the health insurance company does not charge enough premiums they cannot send an extra bill.

During the past months, individuals have started to receive notices regarding refunds. The stories I have heard are taxpayers receiving minimal refund checks after 20%+ premium increases.

Since health insurance companies cannot ask for additional premiums if they undercharged, but can issue refunds if they overcharge; does the law encourage the companies to overcharge? Additionally, since the law mandates individuals to purchase health insurance did we just create

an uncompetitive environment? This allows the health insurance companies to have pricing power.

With relatively few health insurance companies with strong pricing power and an incentive to overcharge we have created a powerful oligopoly. An oligopoly is like a monopoly, but with just a few companies instead of just one (think oil companies).

At least no one can be denied coverage, but I have a feeling, economically speaking, the consumer has lost the first few battles.

I can fix America

“I Can Fix America” is a book written by David Duley. I listened to his presentation a few weeks ago at the Alpharetta Rotary Club (I was a guest, not a member). Mr. Duley stated items that America is facing today such as Education and Health Care can seem overwhelming. However, we can change our behavior to set an example for others and to be part of the solution.

For example, Mr. Duley stated overhauling education is an enormous task. However, we can support a teacher by purchasing supplies for a classroom. Mr. Duley also stated that health care reform is too large for any individual to understand, but we can control the food we eat and we can exercise. Needless to say, Mr. Duley hit a nerve or two with the individuals in the room. However, I believe he made a point which many may not have wanted to hear.

For more information you can visit his website at <http://www.icanfixamerica.com/>

It's time to go and fix America,

Mark W.

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