

The Election Is Over Thank God – Now What?

Washington, DC Estate Planning Council

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Washington, DC
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Overview

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Reality Check on the Federal Deficit

A Promising Start

“Congress passed a two-year bipartisan budget plan that avoids a default on U.S. debt... The 64-35 Senate vote early Oct. 30, following House passage two days earlier, sends President Barack Obama a bill that will extend U.S. borrowing authority until March 2017, after he leaves office.”

BNA

**U.S. Avoids Debt Default as Congress Passes Fiscal Plan
October 30, 2015**

A Promising Start

The Congressional Budget Office projects that the budget deal will cut the ten-year deficit by \$79.9 billion.

Source: Congressional Budget Office: Estimate of the Budgetary Effects of H.R. 1314, the Bipartisan Budget Act of 2015, as reported by the House Committee on Rules on October 27, 2015.

A Surprising End

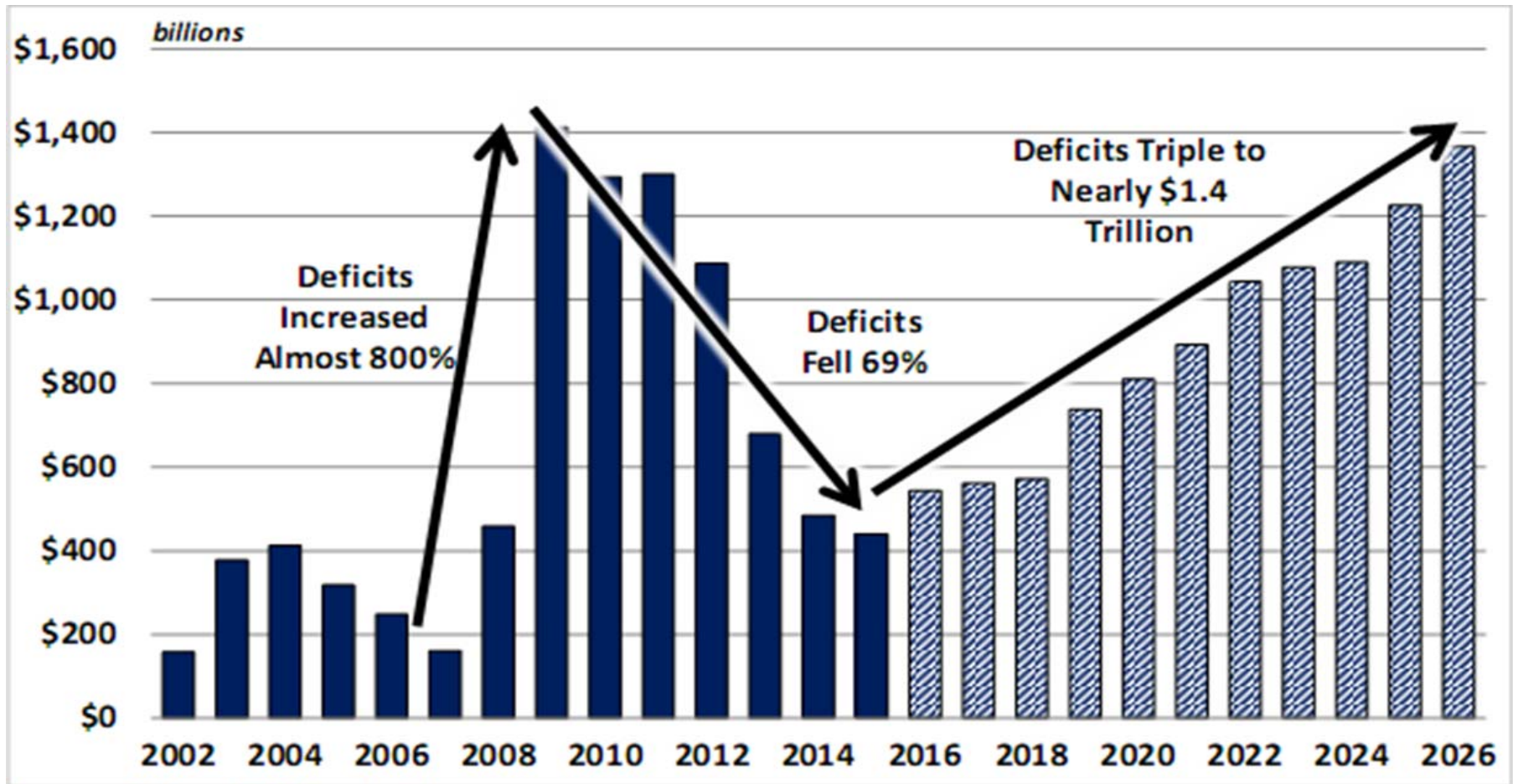
“In its final act of the year, the Senate sped to pass a \$1.8 trillion bill that funds the government until October and extends sweeping tax breaks, many permanently.”

**Huffington Post
Senate Passes \$1.8 Trillion Spending,
Tax Package To Fund Government
December 18, 2015**

A Surprising End

The Congressional Budget Office projects that the year-end deal will increase the ten-year deficit by \$679.5 billion.

Trillion-Dollar Deficits Set to Return by 2022

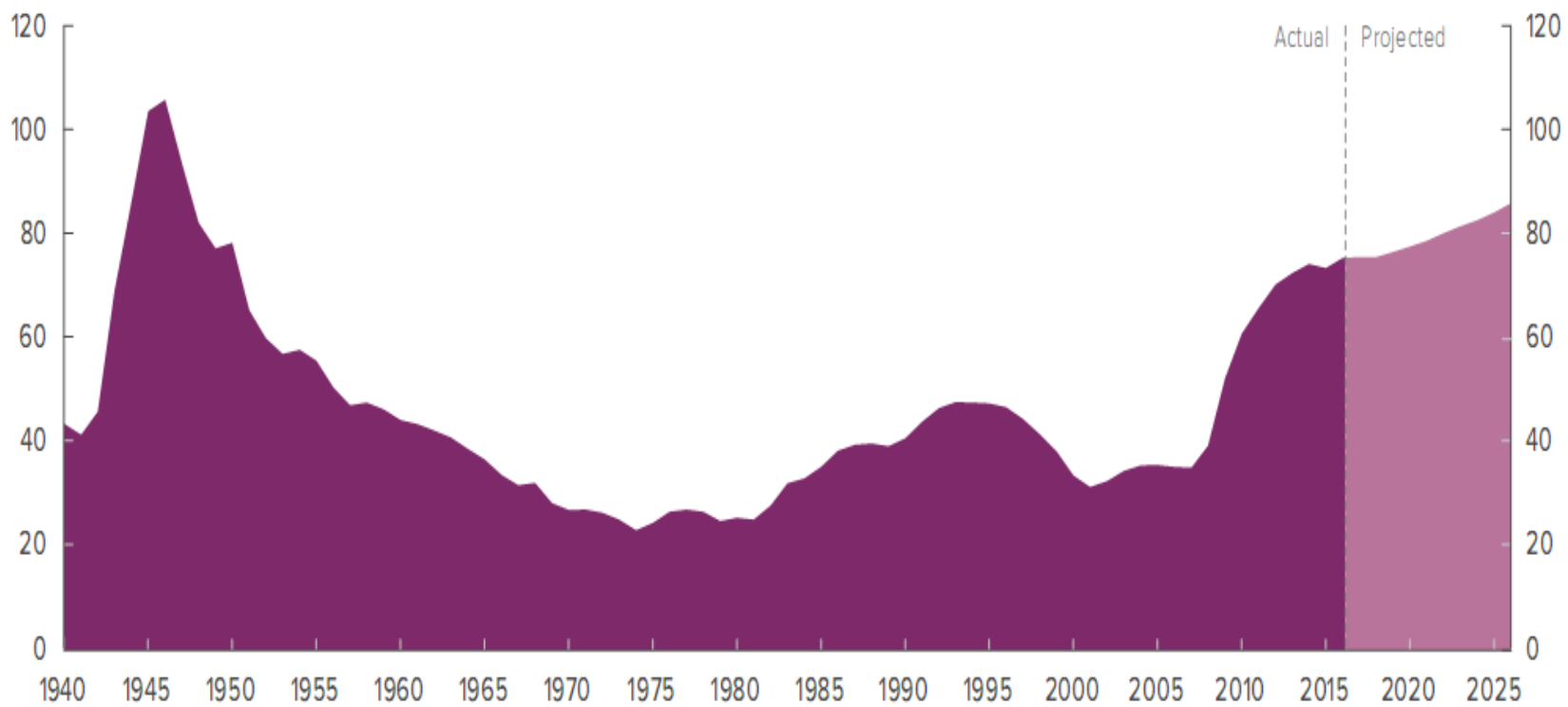


Sources: CBO and CRFB calculations

Trending Red

Federal Debt Held by the Public

Percentage of Gross Domestic Product



Source: Congressional Budget Office.

Congressional Budget Office:

83% of Total Increase in Outlays Comes from 3 Sources

Source	Percent of Total Increase From 2016 to 2026
Net Interest	23%
Social Security	28%
Major Health Programs	32%

The Interest Expense Time Bomb

Percentage of Total Federal Spending that is Net Interest

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Spending (in trillions)	\$3.9	\$4.0	\$4.1	\$4.4	\$4.6	\$4.9	\$5.2	\$5.4	\$5.6	\$6.0	\$6.2
Net Interest (in billions)	\$248	\$270	\$301	\$350	\$404	\$456	\$507	\$562	\$612	\$661	\$712
Percent	6%	7%	7%	8%	9%	9%	10%	10%	11%	11%	11%

Percentage Rate of Ten Year Treasury Notes

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Interest Rate	1.8%	2.3%	2.8%	3.1%	3.3%	3.5%	3.6%	3.6%	3.6%	3.6%	3.6%

Interest costs on federal debt are projected to grow rapidly: by 2022, they could exceed what the federal government has historically spent on R&D, infrastructure, and education combined, and could exceed them by more than three times by 2050

Putting the Debt in Perspective for Fiscal Year 2011

- **U.S. Tax Revenue:** \$2,314,000,000,000
- **Federal Budget:** \$3,597,000,000,000
- **New Debt:** \$1,283,000,000,000
- **National Debt:** \$14,698,625,550,307.37 (and counting)
- **Budget Cuts:** \$38,500,000,000

Source: The Congressional Budget Office, Treasury Department's Bureau of Public Debt

Drop 8 Digits, the Debt becomes a Family Budget

- **Annual Family Income: \$23,140**
- **Money Family Spent: \$35,970**
- **New Credit Card Debt: \$12,830**
- **Credit Card Balance: \$146,986.37 (and counting)**
- **Budget Cuts: \$385**

The Real Kicker

“A federal budget compromise that was hailed as historic for proposing to cut about \$38 billion would reduce federal spending by only \$352 million this fiscal year, less than one percent of the bill’s advertised amount, according to the Congressional Budget Office.”

- The Washington Post, April 14, 2011

Translation:

The Family Budget was cut by \$3.85, not \$385



The Jobs Picture

Prime-Age Workers not Increasing

Job “Growth” Since the Start of the Recession

Age	Dec 2007	Aug. 2016	Change
Men: 25-54	54,319,000	52,401,000	-1,918,000
Women 25-54	46,142,000	45,469,000	-673,000
Total Job Loss			-2,591,000

Age	Dec 2007	Aug. 2016	Change
Men: 55/over	13,910,000	18,512,000	+4,602,000
Women: 55/over	12,332,000	16,082,000	+3,750,000
Job Increase			+8,352,000

Meanwhile, the Population has Increased

The number of Men and Women between the Ages of 25 and 54 Increased between 2000 and 2010

Sex	2000 pop.	2010 pop.	Change
Men 25-54	60,065,557	62,157,434	+1,091,877
Women 25-54	62,705,661	63,930,821	+1,225,160
Total			+2,317,037

What Do They Do All Day?

The hours that they are not working have been replaced almost one for one with leisure time. **Seventy-five percent of this new leisure time falls into one category: video games...** Detached from the labor force, with neither a college degree nor a steady job, these men have little income. But the technological revolution in media and entertainment of the last few decades has made it cheaper than ever to divert oneself on a phone, computer, television, or video-game console. Leisure is cheap enough that it apparently doesn't require a steady W-2 or 1099 to have fun. And they are having fun, Hurst emphasized. "Happiness surveys actually indicate that they [are] quite content compared to their peers," he told UChicago. In the short run, not working doesn't seem to make men miserable at all.

What Are Young Non-Working Men Doing
The Atlantic
July 26, 2016

Gone the Days of Real Growth?

Gone the Days of Real Growth?

Sclerotic growth is America's overriding economic problem. **From 1950 to 2000, the U.S. economy grew at an average rate of 3.5% annually. Since 2000, it has grown at half that rate—1.76%.** Even in the years since the bottom of the great recession in 2009, which should have been a time of fast catch-up growth, the economy has only grown at 2%.

The Wall Street Journal
May 2, 2016

Average GDP Growth during Recent Presidencies

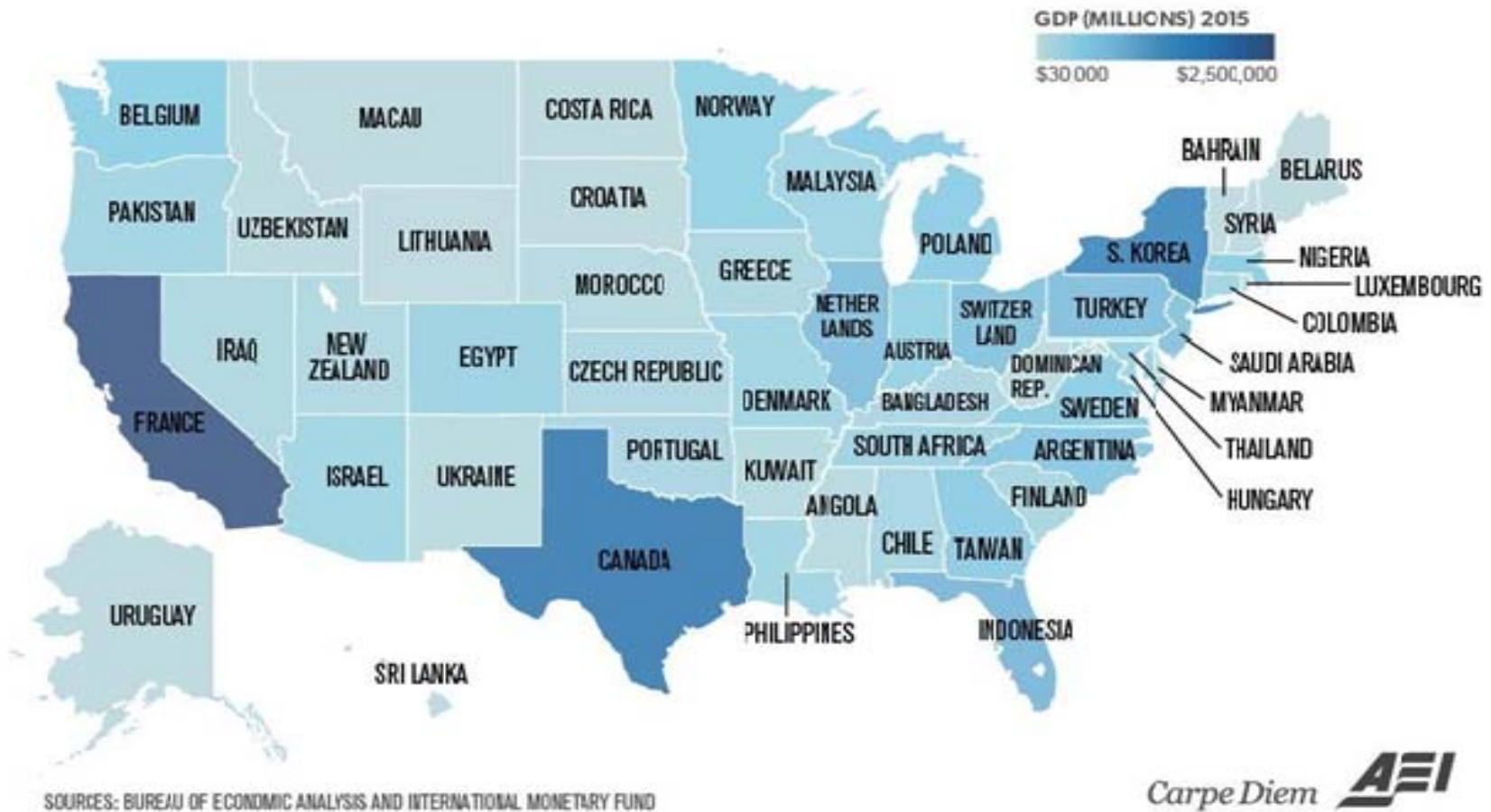
President	Average GDP over Term
Ronald Reagan	3.5%
George H.W. Bush	2.3%
Bill Clinton	3.9%
George W. Bush	2.1%
Barack Obama	1.4%



How Massive is the U.S. GDP when Compared to the GDP of other Countries?

Pretty Massive

US States Renamed for Countries with Similar GDPs, 2015

























“America's largest state economy is California. In 2015, the Golden State's GDP was about \$2.46 trillion, slightly above France's GDP (\$2.42 trillion). **But France's population is about 66.48 million, while California's is only about 39.14 million — meaning California produces about the same as France with about 40% fewer people.** To put it in a global perspective, if California were its own country in 2013, it would have been the sixth-biggest economy in the world — right behind the UK, whose GDP was \$2.85 trillion.”

Business Insider
June 15, 2016



An Aging Congress

AGRICULTURE	APPROP.	ARMED SERVICES	BUDGET	EDUCATION AND THE WORKFORCE	ENERGY AND COMMERCE	ETHICS	FINANCIAL SERVICES	FOREIGN AFFAIRS	HOMELAND SECURITY
CHAIRMAN									
									
K. Michael Conaway	Harold Rogers	Mac Thornberry	Tom Price	John Kline	Fred Upton	Charlie Dent	Jeb Hensarling	Ed Royce	Michael McCaul
67	78	57	61	68	62	55	58	64	54
RANKING MEMBER									
									
Collin C. Peterson	Nita M. Lowey	Adam Smith	Chris Van Hollen	Robert C. Scott	Frank Pallone Jr.	Linda T. Sánchez	Maxine Waters	Eliot L. Engel	Bennie Thompson
71	78	50	57	68	64	47	77	69	68

21 Democratic ranking members average age is

68



Graphic by Marilyn Gates-Davis/ CQ Roll Call

Minority Leader	Minority Whip	Assistant Democratic Leader	Caucus Chairman
			
Nancy Pelosi	Steny H. Hoyer	James E. Clyburn	Xavier Becerra
76	76	75	58























4 top Democratic leaders average age is

71

Combined average age is

69



HOUSE ADMIN.	JUDICIARY	NATURAL RESOURCES	OVERSIGHT & GOVERN. REFORM	RULES	SCIENCE, SPACE AND TECH.	SMALL BUSINESS	TRANSPO. AND INFRA- STRUCTURE	VETERANS' AFFAIRS	WAYS AND MEANS	INTELL.
										
Candice S. Miller	Robert W. Goodlatte	Rob Bishop	Jason Chaffetz	Pete Sessions	Lamar Smith	Steve Chabot	Bill Shuster	Jeff Miller	Kevin Brady	Devin Nunes
61	63	64	49	61	68	63	55	56	61	42
										
Robert A. Brady	John Conyers Jr.	Raúl M. Grijalva	Elijah E. Cummings	Louise M. Slaughter	Eddie Bernice Johnson	Nydia M. Velázquez	Peter A. DeFazio	Corrine Brown	Sander M. Levin	Adam B. Schiff
71	86	68	65	86	80	63	68	69	84	55

Combined
average
age is
57

Speaker	Majority Leader	Majority Whip	Conference Chairman	Policy Committee Chairman
				
Paul Ryan	Kevin McCarthy	Steve Scalise	Cathy McMorris Rodgers	Luke Messer
46	51	50	46	47

5 top Republican leaders average age is
48

21 Republican
chairmen
average age is
59



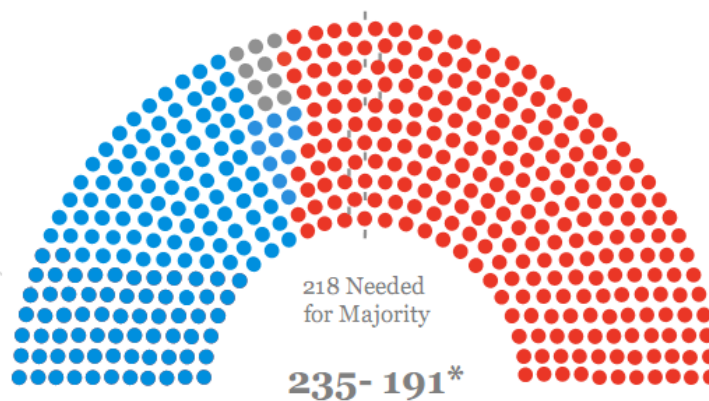


Post-Election Politics Commentary

Republicans keep the Senate and limit Democratic gains in the house in 2016 elections

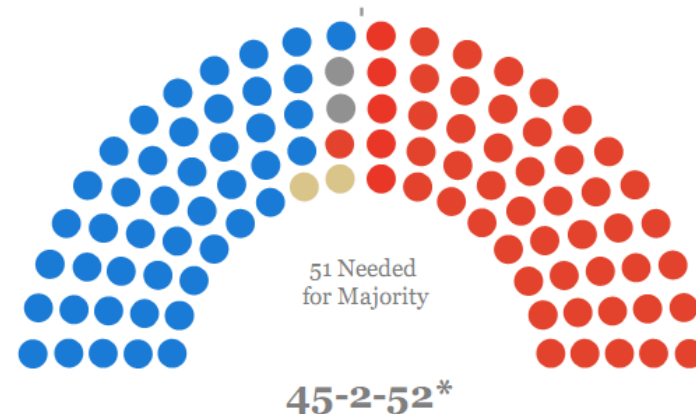
Party Control at Beginning of 115th Congress (2017-2019)

■ Democrat ■ Republican ■ Independent (caucusing with Dems)



Republican House Majority

**As of 5:30 AM on Nov. 9, nine House races have yet to be called*



Republican Senate Majority

As of 5:30 AM on Nov 9, two Senate races have yet to be called : **NH, which is too close to call, and **LA**, which will be going to a run-off*

Sources: National Journal Research, 2016

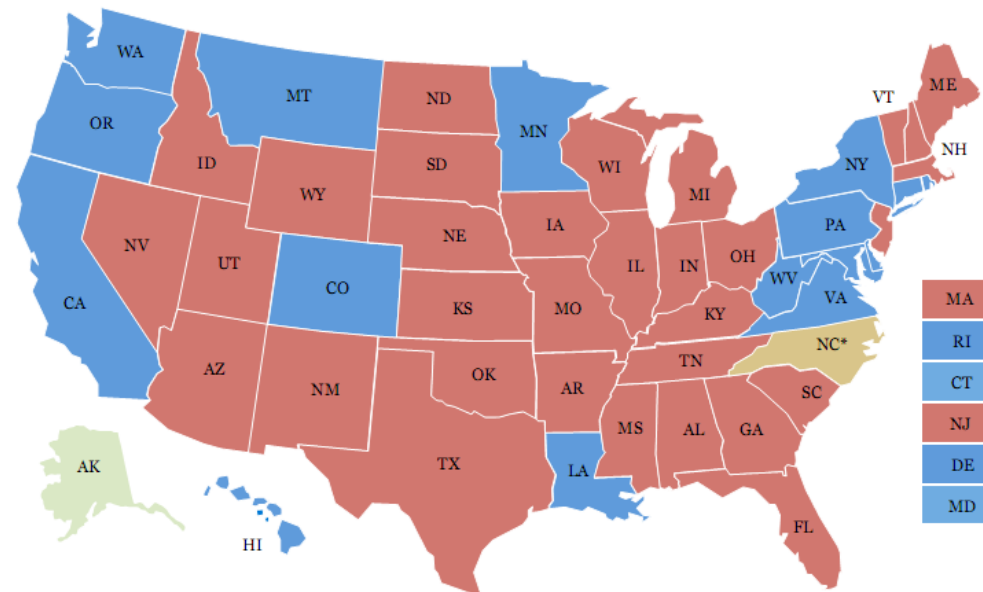
November 9, 2016 | Libbie Wilcox

GOP controls majority of governorships

Map of state governors, by party

Results as of 12:55 PM, November 9, 2016

■ Democratic governor
 ■ Republican governor
 ■ Independent governor
 ■ Not called as of publishing time



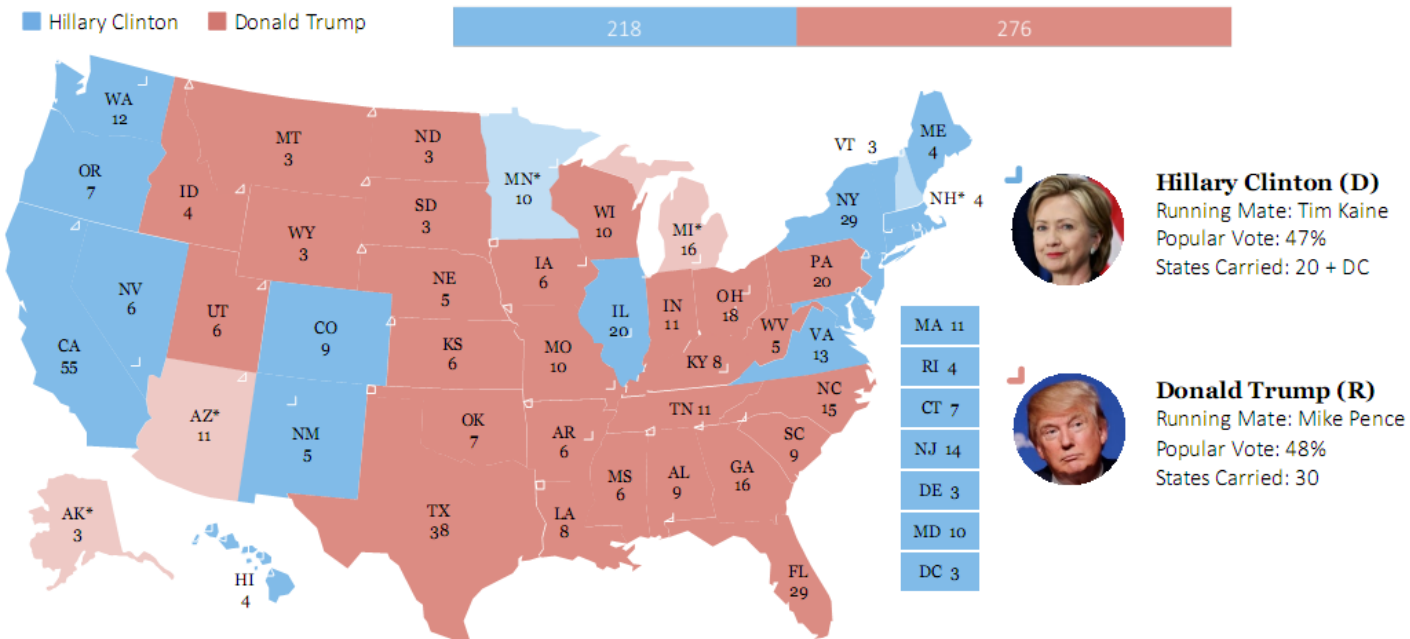
Source: National Journal research, 2016.

November 9, 2016 | Claire Carter

Donald Trump wins the electoral college with 276 votes

2016 Electoral College map

Reported as of November 9th at 5:34 am



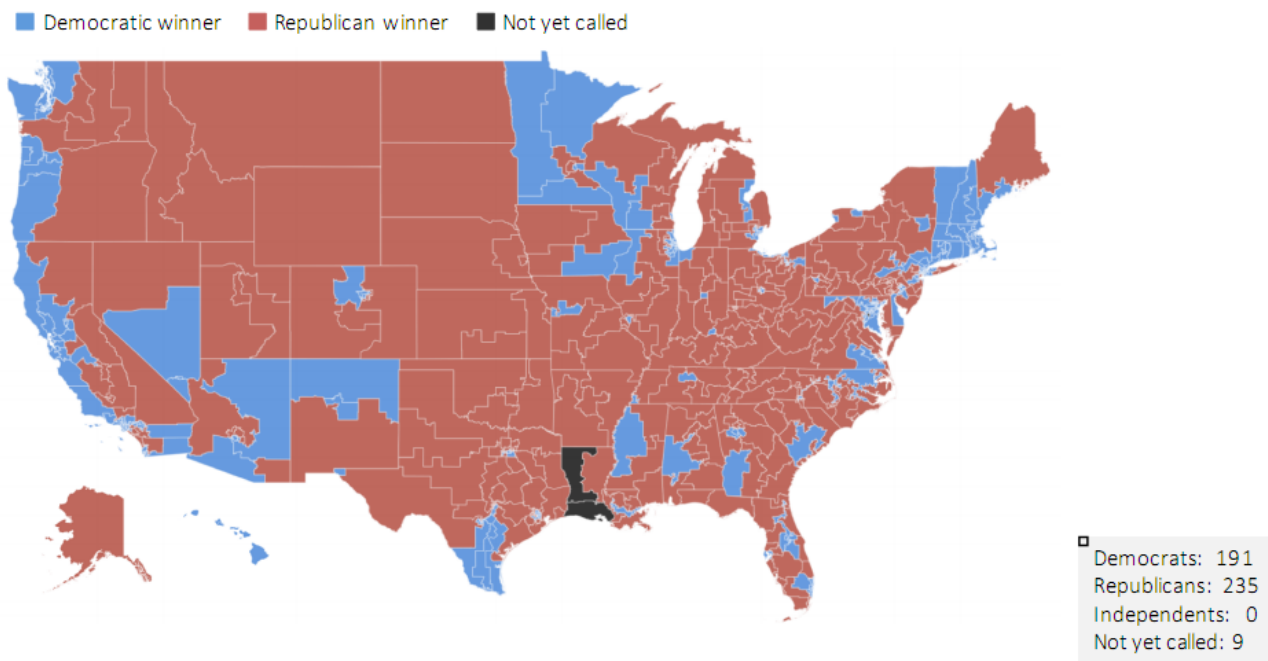
Source: RealClearPolitics, "Electoral College Map," 2016.

*States not officially called but leaning towards shade indicated on the map

November 9, 2016 | Katharine Conlon

Democrats gain net 7 seats, Republican maintain majority

2016 House election results map



Source: National Journal research, 2016.

November 9, 2016 | Peter Sadosky and Libbie Wilcox



The Tax Legislative Agenda for 2017



The Final Observation on the Presidential: Was Jim Henson a psychic?





Good News from Iraq

Here is some GREAT news from the Pentagon...

The Pentagon announced TODAY the formation of a new 500-man elite fighting unit called the United States Redneck Special Forces (USRSF).



These Alabama, Arkansas, Georgia, Kentucky, Mississippi, West Virginia, Missouri, Oklahoma, Tennessee, and Texas boys will be dropped off into Iraq and have been given only the following facts about terrorists:

1. The season opened today.
2. There is no limit.
3. They taste just like chicken.
4. They don't like beer, pickups, country music or Jesus.
5. They are directly responsible for the death of Dale Earnhardt.

The Pentagon expects the problem in Iraq to be over by Friday