Registered Investment Advisor Firm

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New Medicare Cards

In order to help deter Medicare fraud, new Medicare cards are being mailed to current members from April 2018 to April 2019. The new cards will use random numbers instead of Social Security numbers as your identifier. This will help protect identities and hopefully prevent fraudulent claims. It won't be foolproof, but it will go a long way towards protecting identities.

Each year, roughly 10 cents of every dollar budgeted for the health insurance program is stolen or misdirected before it helps any enrollee. Which means $1,000 per Medicare member is lost through theft or waste each year.

But the Federal Trade Commission (FTC) warns of potential scams of the new cards:
- You don't pay for your card, so if anyone calls to collect – that's a scam
- You don't have to provide personal information, so if anyone calls asking for personal numbers or bank information – that's a scam.

Safeguard your card like you would any other health insurance or credit card. While removing the Social Security number will cut down on many types of identity theft, you still need to protect your new card because identity thieves could use it to get medical services.

Debt

Public and private debt continues to grow and that the problem of debt can't be solved by tax increases and budget cuts alone, but requires entitlement reform. How big is the debt? It is 340% of Gross Domestic Product (GDP). Federal government debt is at 100% of GDP. With the deficit now expanding, that means we're going to be adding to the debt at an increasing pace. This doesn't represent a current crisis that will lead to a crash.

During eras where credit market debt has been rising sharply, as it has recently, it's been a drag on economic growth, with the need to finance debt crowding out the ability for the economy to grow. The government is now going to be spending more to finance its debt as opposed to spending on more productive programs.

The debt bubble burst in 2008, when the global financial crisis unleashed a crisis that wasn't addressed then. The only component that was addressed was household debt. Corporations didn't have to go through a de-leveraging cycle like the 2000 bubble. Government simply printed more money to pull us out of the hole.

Entitlements seem like they keep getting pushed further into the future. There is no will to solve the problem.

One end result of the continuing deficits and increasing debt is a severe devaluation of the U.S. dollar. No nation in history has ever been able to print their way out of debt.

History has shown that governments that abuse the printing press suffer from horrible inflation, and this fear keeps policymakers from eliminating the debt. The federal government either has to continue to borrow, sell assets, raise taxes, renegotiate terms or default to resolve the debt issues.

If the government is not careful, we're going to run into bigger debt problems down the road. Inflation seems to be the only solution. I don't think the Fed or the Treasury wants to establish that on purpose. If you add future debt associated with unfunded entitlements, economists consensus is 300% of GDP within 10 years. That could be a real problem.

If you need help or more information on this or any other financial matters, contact Bob Davis at (707) 648-2024.

FED Watch

There was no meeting in April and consensus for the May meeting is no rate increases, while the June meeting has a 94% chance of a move. The Fed will also continue the process of reversing quantitative easing by allowing assets to mature off their balance sheets, rather than re-investing them. They expect to be at $50 Billion quarterly by October 2018

Next meeting:
May 1st and 2nd

Castle Rock Wealth Management

Castle Rock Wealth Management is a Hybrid Advisory firm servicing the needs of clients across the United States.

Castle Rock Wealth Management custodies some client assets at Charles Schwab & Co. The Bob's office is located at 714 Marin Street, Suite #C, Vallejo, CA 94590. The telephone number is (707) 648-2024.

If you have questions or would like further information on this month's topics or any other financial or investment related subjects, including Social Security claiming strategies, please contact me by phone or through my email address at:
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