



## *Founders Group Report* March 16, 2006

---

### **TAX RECONCILIATION**

Conflicting House and Senate versions of the tax reconciliation bill are expected to go into conference in early February. The House version (H.R. 4297) included a two year extension on the capital gains and dividend rates. The Senate did not include capital gains and dividends rate extensions in its reconciliation bill (S. 2020) because of political concerns about cutting low-income programs while at the same time extending tax breaks for investors that are due to expire in 2009. It is expected that capital gains and dividend rate extension will survive in conference, but it remains unclear whether the extension will be for one or two years.

Lawmakers have also been struggling with how to deal with the AMT. The Senate included a one-year patch in its tax reconciliation bill (S. 2020), while the House passed a separate bill (H.R. 4096) to fix AMT. The reduction in marginal tax rates in recent years has increased the AMT's importance as a revenue source and it is likely that Congress will adopt a one-year patch for the time being. Both the House and the Senate will begin the process of naming conferees this week. For actual wording of the bills, go to <http://thomas.loc.gov/> and type S. 2020 or H.R. 4297 and 4096 in the search engine.

### **U.S. SAVINGS RATE AT LOWEST LEVEL SINCE 1933**

Americans' personal savings rate has dropped to negative numbers for the first time since the Great Depression. The Commerce Department reported Monday that the savings rate fell into negative territory at minus 0.5 percent, meaning that Americans not only spent all of their after-tax income last year but had to dip into previous savings or increase borrowing. The savings rate has been negative for an entire year only twice before in 1932 and 1933. With employment growth strong now, analysts said that different factors are at play. Americans feel they can spend more, given that the value of their homes, the biggest asset for most families, has been rising sharply in recent years. But analysts cautioned that this behavior was risky at a time when 78 million Americans are on the verge of retirement.

### **STATE OF THE UNION PROPOSAL**

Top priorities for President Bush in his State of the Union message included extending tax cuts, increasing HSA contribution limits, and ensuring health insurance portability. The White House proposal for portability of health insurance would allow individuals to

purchase a nationally regulated health insurance product across state lines and allow for small businesses to pool together across state lines in association health plans to purchase coverage free from conflicting state insurance mandates. In addition, President Bush proposed larger contributions to HSAs, by letting HSA holders make annual contributions to cover all of their out-of-pocket costs under their HSA policies, not just their deductible as allowed under current law. This also included making premiums tax deductible for high-deductible health insurance plans linked with HSAs purchased in the individual market and a health insurance tax credit. President Bush again called for Social Security reform and proposed creation of a bipartisan commission. Many lawmakers had dropped Social Security from the agenda this election year, and major reform is not expected until the new Congress. For a description of these issues, go to <http://www.whitehouse.gov/infocus/index.html>.

---

## CREDIT REPAIR

Do you know of anyone that has a blemish on their credit and wants to remove it in a complete and inexpensive way?

No upfront fees, no ongoing costs....you pay ONLY when the item is off your credit report. Credit restoration fees are from \$11 to a maximum of \$55 (bankruptcy) per item. No tricks, no gimmicks...just hard work.

If you have been denied credit, or are paying too much for loans due to a damaged credit file, then, this program is for you.

Go to [wwwFOUNDERS-GROUP.NET/CREDITREPAIR.HTML](http://wwwFOUNDERS-GROUP.NET/CREDITREPAIR.HTML) to read all about it and to get started today. What do you have to lose?