BOOMERS GOING BANKRUPT AT UNPRECEDENTED RATE

The social media teaser for a recent New York Times article paints a grim portrait of the economic prospects for aging Baby Boomers: “Vanishing pensions. Soaring medical expenses. Inadequate savings. The rate of older Americans filing for bankruptcy has tripled since 1991.” A study by the Consumer Bankruptcy Project shows that, for people aged 65 to 74, annual bankruptcy filings have increased from 1.2 per 1,000 people in 1991 to 3.6 in recent years.

“There is no question that more and more seniors are facing financial hardships,” said Libertarian National Committee Chair Nicholas Sarwark. “The New York Times story and the Consumer Bankruptcy Project study that inspired it both fail to mention the three causes of bankruptcy cited in the story’s headline: vanishing pensions, inadequate savings, and soaring medical expenses. These are all problems caused largely by government policy.”

Pension funds require a relatively predictable and fair return to be actuarially sound. Likewise, savers need that same adequate and fair return to make saving worthwhile, so vanishing pensions and inadequate savings are two sides of the same coin.

The average 10-year rate of interest for low-risk loans has historically stayed in the 3–5 percent range. For the last 105 years, interest rates have not been left to the market but have been “managed” by the Federal Reserve, a quasi-government, quasi-bank agency. When former Fed Chair Alan Greenspan reacted to the collapse of the dot-com stock market bubble in 2000 by radically dropping interest rates for federal funds lending, he began a dire interventionist policy that subsequent chairs Ben Bernanke and Janet Yellen relaunched in full force after the 2008 real estate bust. Interest rates are being held artificially low, with a vengeance.

We favor free-market banking, with unrestricted competition among banks and depository institutions of all types.

Savers who invest in certificates of deposit have been getting near zero returns — and when inflation is factored in, those returns are negative. As a result, these savers are saving little to nothing, or deepening their debt. These low savings rates result in more people entering retirement age without much in their nest eggs. The bottom quartile of people aged 65 or over in 2016 had savings of less than $3,260.

When interest rates are kept artificially low, this also encourages borrowing. More than 20 percent of Americans over 65 still have mortgage debt, and 6–10 percent of them are still carrying credit card debt.

Pension funds are also going broke. With 10-year Treasury bonds yielding less than a 3 percent return, it’s difficult for pension fund managers to continue to earn a targeted 8 percent return on assets. When employers are unwilling to pony up larger pension contributions, managers are forced to take more risks with investments in the stock market. If those risky investments don’t pay off, pension payouts are reduced.

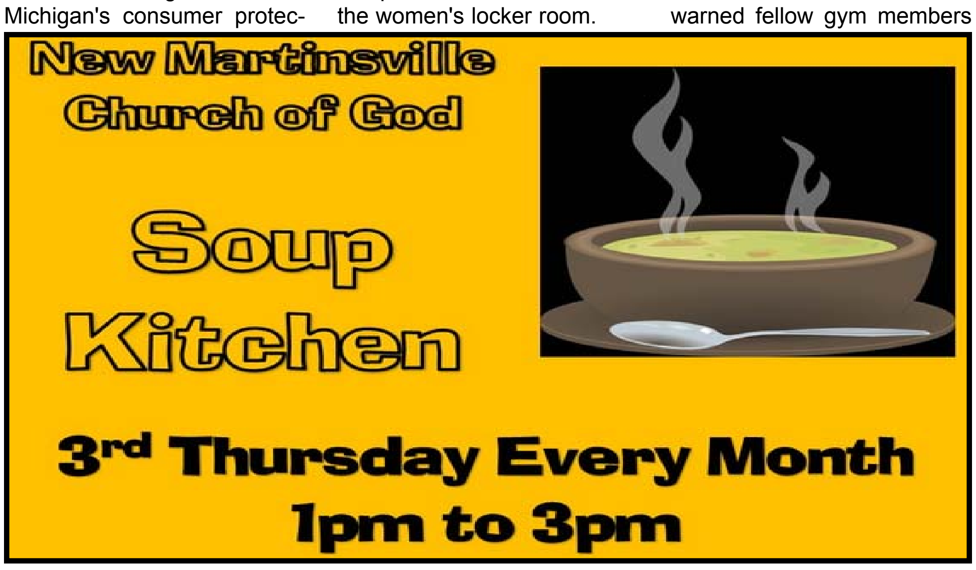
Medical expenses are soaring, but it’s difficult to explain in a short space how government agencies and policies have largely created and exacerbated this problem. The primary reasons that we have sky-high health care costs today are the government policies that artificially limit competition for health care providers and pharmaceutical companies, protecting their privileged positions and outsized profits. Another significant reason is that the government has steered the health care industry into a third-party payment model that prevents patients from comparative shopping for the most suitable forms of care at the best price.

“Good public policy should attack the causes of seniors going bankrupt instead of inadequately addressing the symptoms,” Sarwark said. “Let the market set interest rates so that pension funds can thrive and fulfill their promises, and so that savers can get a fair return on their savings. We should also deregulate the health care industry to ensure that the quantity of providers is not limited, and the prices and accessibility of health care become fair and reasonable.”

Libertarians are running hundreds of candidates for state, local, and federal office this year. Libertarian officeholders will focus on eliminating the causes of our societal problems, not just trying to massage the symptoms.

PLANET FITNESS LOSES LOCKER ROOM CASE

MIDLAND, MI - A Michigan appeals court has ruled in favor of a former Planet Fitness customer who argued that her rights under Michigan's consumer protection law were violated when the club did not disclose its unwritten policy and canceled her membership because she complained about a man in the women's locker room.



Yvette Cormier's lawsuit against Planet Fitness was filed in Midland County in 2015 after her membership was canceled because she warned fellow gym members over several days about seeing a biological man, who claims to be "transgender," in the women's locker room. Planet Fitness told her that it allows people to use the locker room that matches their "identity." Midland County Circuit Court Judge Michael J. Beale dismissed the lawsuit in 2016. Cormier then appealed the decision to the Michigan Court of Appeals. The appeals court affirmed Beale's ruling in June of 2016, but Cormier then took her case to the Michigan Supreme Court, which reversed and sided with Cormier.

The court's opinion said, "The plaintiff was already a member of the gym when she learned of the unwritten policy and was thus subject to a financial penalty if she canceled her membership earlier than provided in the membership agreement. Plaintiff's actions indicate that she strongly preferred a locker room and a restroom in which individuals who are assigned biologically male are not present, and it is thus reasonable to infer that defendants' failure to inform plaintiff of the unwritten policy affected her decision to join the gym."

Cormier alleged that Planet Fitness misrepresented the nature of its contract when it said that she would have access to a private women's locker room while failing to disclose that includes "men who self-identity as women." This unwritten policy would have affected her decision to purchase a membership, and Planet Fitness appears to have engaged in deceptive business practices.

Liberty Counsel represents "Mrs. H" whose membership was canceled at Planet Fitness in Leesburg, Florida, because she objected to a man in the women's locker room. On May 29, 2018, staff at the Leesburg location revoked "Mrs. H's" membership after she was intimidated by and complained about the behavior of Jordan Rich in the women's locker room. Rich claims to be "transgender," but is obviously a man, and his behavior threatened Mrs. H, including chasing after her in the parking lot. Liberty Counsel has demanded that Planet Fitness Leesburg immediately reinstate her membership and make changes to its locker room policies to prevent blatant sex-based harassment by males in the women's facilities.

"We commend the Michigan Supreme Court in this decision against Planet Fitness which is endangering women by allowing men in the women's facilities and punishing those who object," said Mat Staver, Founder and Chairman of Liberty Counsel. "This is a safety issue for women who understandably do not want to share a locker room with men. This is also discrimination based on sex and violation of state law. Planet Fitness cannot have secret policies and expect to get away with it," said Staver.