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Prizant Group



PONY UP: To pay what one owes, to make good a debt.

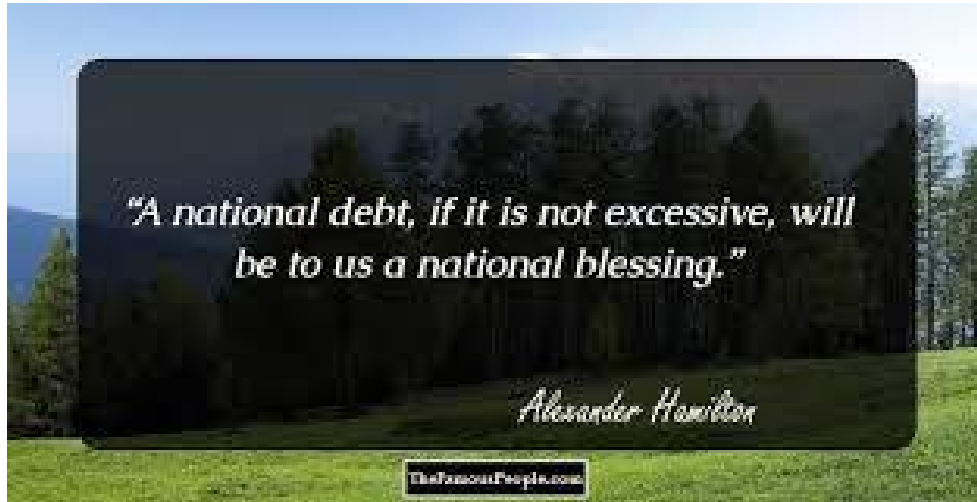
The interesting origin of the phrase "pony up"

"To pony up" means to pay money, to pay what one owes, to make good on a debt.

Some people have asserted that the phrase comes from horse racing, while others state that "pony" may have referred to some form of British or American currency or denomination. Neither of these theories hold up to scrutiny.

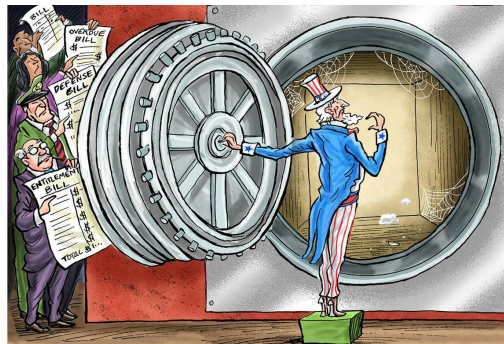
In actual fact, the term pony up dates back to the sixteenth century. It is said to be a corruption of the Latin phrase *legem pone*, a term found at the fifth division

of Psalm 119, a bible passage which was sung on March 25th. March 25th was a Quarter Day, and was the first payday of the year. Latin legem = "law" and pone is the imperative of Latin ponere "to put, place". This convoluted explanation for the term pony up suggests that the term originated in Britain, though today it is almost exclusively used in the United States.



After thousands of retirement plan education meetings, I assumed that there wasn't a question or concern that I hadn't heard. That was true until recently, when a teacher at a school client of mine, raised her hand (of course she did!), and queried "**How will the U.S. Debt Limit impact my 403(b)?**" [Federal Debt](#) Immediately, another teacher piped in with "**It was on CNN!**" Gobsmailed (to say the least!) I did a "Yoga Breath," and slowly began to explain what the issue was and wasn't (and could only think about Fred Sanford going to see Elizabeth!) [Sanford and Son](#) Really? Participants were asking about what reaching the "Debt Ceiling" will do to their retirement plan money? This brings me to a general discussion of the use and misuse of borrowed money. For most of us plebeians (Commoners in Roman Times); we have no choice but to use **OTHER PEOPLE'S MONEY** (a.k.a. OPM) to enjoy the fruits of capitalism. We borrow money to buy a house, cars, furniture, a swimming pool, second home, RV, send our children to college, finance a new venture, obtain capital to expand our business, purchase expensive jewelry, art, take "once in a lifetime" vacations, ad nauseum. And what if you can't keep up with the payments for the

OPM? Well, you go **"Belly-Up"** (**Belly up** is an idiomatic expression in American English used to describe a business, organization, or institution that has ceased to exist or gone bankrupt. and slowly begin the art of American living once again. Remember: There are **NO DEBTORS' PRISONS** Prisons In actuality, debt is an excellent way to live; as long as you can make the payments. If that "leverage" results in a reasonable rate of return on your investment; then it is a "Win-Win" situation. Of course, it can be a **"Double-Edged Sword"** (a situation or course of action having both positive and negative effects), and slice you to ribbons with little to salvage. One shouldn't be afraid of borrowing money, but be acutely aware of the costs involved. Unlike the U.S. Treasury, we cannot add decimals to our bank accounts, when we come up short!



On Feb. 1, 2022 the US Treasury Department reported the national debt surpassed \$30 trillion for the first time, prompting much hand-wringing about the federal budget for the US economy.

But that doesn't mean the federal government owes that amount, just like you don't owe thousands of dollars when you start setting aside money for, say, a home remodel.

In that case, you would write down how much you need, create a savings account at the bank, and start allocating money towards that project. But if you still haven't hired any contractors, or bought any supplies, would you count the future cost of that home repair as current debt? No.

Around \$8 trillion of that \$30 trillion cited by debt hawks as what the government has borrowed is the equivalent of that: Money that the government owes to itself in the future, says J.W. Mason, an economist professor at CUNY's John Jay College. For example, the contributions the Social Security Administration puts aside into its Trust Fund to be paid out later get counted as debt.

So in reality, what the the federal government owes is \$22 trillion, Mason said.

Does the size of the federal budget deficit matter?

While public debt remains a concern for countries that borrow US dollars, it is less of an issue for the US itself. The dollar is the world's reserve currency and more debt doesn't decrease outside investors' demand for it.

Economists sometimes believe that increasing the federal debt weakens the dollar during crises. But usually investors end up running to the dollar as a safe haven asset instead of shying away from it, Mason said.

This time around, policymakers decided to take on more debt to blunt the damage from the pandemic by sending out direct checks, granting a childcare tax credit, and creating a paycheck protection program. All of these programs have left households with stronger balance sheets than before the crisis.

“So if you think government debt is too high, ask yourself if you think it would be better for families to hold that debt,” Mason said.

Does government debt affect inflation?

Government spending affects inflation, but the size of the deficit doesn't have an impact on prices.

Inflation happens when demand for goods and services outstrips businesses' ability to produce them. The pandemic has limited how much stuff businesses can produce, both because of supply chain issues and a shift in what consumers bought (more goods and fewer services). These disruptions have nothing to do with the deficit.

Like inflation, the deficit is regularly used as a stand-in for consumers' general fears about the economy. Conservatives' knee-jerk reaction is to associate it with waste, but it is a critical part of keeping the US economy stable. “People don't have any particular concern with the deficit, but it's simply a sort of symbol for things being bad in the economy,” Mason said.

Does It Matter?



For us "mere mortals," the amount of debt we carry can radically impact our retirement landscape. College loans [Student Loans](#), mortgages/home equity lines, personal/commercial loans, credit card debt all create a "financial drag" on our Golden Years (or is it our Indebted Years?). We, at [The Prizant Group](#), are cognizant of the heavy burden of debt, being carried by our participants, nearing their exit from the workplace. We have frank discussions with concerned participants about their ability to "carry" their obligations without a steady paycheck (Sorry, Social Security Ain't Going to Cut it!). Sometimes the goal is to paydown debt before you retire or making the decision (if possible) to work longer. Of course, winning the lottery, discovering oil in your backyard, or being left a tidy sum by a long-lost relative would do wonders! If all else fails, maybe a two-way ticket to Paradise and come what may. [Paradise](#)

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