

*Sather Financial Group Inc.*  
*Comprehensive Wealth Managers*

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**Third Quarter Commentary: Taxes, Unemployment & The \$200k Earner**

It is a true statement that the majority of small business owners earn less than \$200,000 per year. It is also a true statement that the majority of jobs in our country are held in small businesses. Okay: So what?

In isolation, the previously stated is a bit misleading since the small business owners earning **MORE than \$200,000 per year are the ones who employ the most and are most likely to add employees** to their payrolls.

Additionally, official unemployment is currently running 9.6%--an increase in the last quarter. If you add in those categories that are removed from "official unemployment" (recent college grads, those whose benefits have run out, those who are no longer looking and those who are employed part time) then the **true unemployment rate is somewhere between 16% and 22%** ([www.ShadowStats.com](http://www.ShadowStats.com)).

This is a staggeringly high number. Essentially, one in five in our nation is out of work. We have seen nothing like this since the Great Depression.

The National Bureau of Economic Research, an independent group of economists, released a September 20 statement indicating the recession technically ended in June 2009. The dip began in December 2007 -- making it **the longest and deepest downturn for the U.S. economy since the Great Depression.**

Warren Buffett countered this cheerleading that the recession is over by saying that the best of his businesses are still significantly sluggish and that in his opinion we are still in a recession.

Given this, our elected leaders need to be doing anything and everything they can to get people back to work. More handouts and larger government won't get it done.

Quite simply, **if people are not working they do not earn salaries.** Without salaries we do not pay taxes which are necessary to fund programs and projects (whether needed or not). The Obama Administration clearly does not understand this simple Aggie math and instead has decided to incite class warfare against those who are successful and fortunate in our nation.

Additionally, it has been argued that if you keep taxes low on those earning above \$200,000 that they will just save it, thus doing nothing to stimulate spending in the economy. Actually, this is also inaccurate. **Forty percent of all consumer spending comes from those who make above \$200,000.** Considering that total Gross Domestic Product is 70% comprised of consumer spending, it becomes pretty obvious that those above \$200,000 are quite important.

Given this, is now really the time to increase taxes only on those making above \$200,000? Hardly.

This is putting the Obama Administration between a rock and a hard place. One of their main platforms has been to raise taxes on the "rich"--those making above \$200,000. The folks in the White House may want to rethink this strategy.

So far, 31 Democrats have now come out against the tax increase. Maybe they realize it is bad for the economy--and maybe they just want to get re-elected. Already in this young election season, seven incumbents (Democrats and Republicans) have lost their jobs.

Americans are voting and it is time for ALL of our elected leaders to get a clue.

**You cannot tax your way to prosperity and success is not a crime. All of us should strive to be in the \$200,000 and above income camp.**

Sincerely,

Dave Sather, President  
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