



# DID ISAAC NEWTON SING THE BLUES?



*"I can calculate the motion of heavenly bodies, but not the madness of people."*

— *Sir Isaac Newton*

If Isaac Newton was alive today and could sing the blues, he might select a song by legendary blues guitarist Robert Cray, "The Forecast Calls for Pain."

What's with Newton, blues, and pain? Well, let's begin with his Third Law of Motion: "For every action there is an equal and opposite reaction."

Oh, let me note that Sir Isaac crafted the laws of motion, invented calculus, and unraveled gravity while secluded near Cambridge, during the Great Plague of 1665.

Like Isaac, you and the economy have endured COVID-19, sequestration, and trillion-dollar check writing. Applying Newton's Third Law, what equal and opposite reaction can you expect as a consequence of these occurrences?

One way or another, somebody has to endure the pain of paying for the trillion-dollar checks and broken government budgets. One popular way to pay for rubber checks is printing money (See Venezuela today and Germany c. 1923). Another solution is increased taxation. You'd be wise to expect a combination of both printing money and rising taxes. So indeed, The Forecast Calls for Pain.

If this forecast should prove accurate, what actions might you consider to avoid the pain?

1. Moving to a low-tax state may save you on your annual tax liability. This pandemic has shown that the white collar workforce can labor from almost any state of the union. A migrating workforce of taxpayers will exacerbate the pressure on financially dysfunctional local taxing bodies. Have I ever mentioned to you that we have a successful office in Florida?

2. Today's massive gift and estate tax exemptions won't last forever. If you are exceptionally financially successful, consider using your exemptions now, or you may risk losing your exemptions in the near future. If government gave you these generous tax exemptions, government can also reduce them.

3. Gift some or all of your tax exemptions to a trust concurrently benefiting your spouse and younger generations. Including your spouse in the gifting program is a more cautious approach to gifting to the next generation. Why? Gifting in this way avoids irrevocably or prematurely moving wealth too far away from you and exclusively to younger generations. Your spouse, as trust beneficiary, can pay expenses if necessary.

4. Consider making inexpensive loans to your loved ones. For example, the minimum nine-year interest rate for a loan made in July 2020 is only 0.45%. A loan with friendly terms like that may significantly improve the lifestyle of your loved ones.

5. Be generous and philanthropic. The world needs the benefit of your funding and wisdom far more than a grandson may need a third Italian sports car.

You clearly recognize that the eyes of government—at every level—will soon be looking at you and your wallet. With those governmental taxing wheels soon in motion, shouldn't you also be in motion in an equal and opposite way?

So, did Isaac Newton sing the blues? After that apple bonked him on the head, he may well have sung out in pain. But after his "aha moment," he surely didn't sit and wait for the whole tree to bombard him. Consider this your call to action, or you may be singing the blues.



*Imagine Isaac Newton and Robert Cray, as a duet, singing "The Forecast Calls for Pain."*