James L. Lombardo, Jr. QPFC
Charles L. Gorenberg, MSFS, CLU, ChFC, APM, CEBS
Paul G Pakstis
Jeffrey P. Heppard, JD
Anthony Pena

515 Grove Street,
Suite 3C
Haddon Heights, NJ 08035
T:(856)-428-1575
F: (856) -428-1577

Stacy Mongar, ChFC CLU

7205 West 22nd St.
Sioux Falls, SD 57106
605-212-1581

James J. DiGesu, CPA, PFS

225 Glenville Rd.
Greenwich, CT 06831
203-742-0557

Fourth Quarter 2025- A New Financial Measurement

We all see letters relating to financial performance. GDP (Gross Domestic Product), S&P (Standard & Poor's), etc. We propose a new one to measure the government's stewardship of our tax dollars–LFAs (Lifetimes Frittered Away). We will explain.

According to the Tax Foundation, in 2022 (most recent full data available) 76,900,699 tax returns were filed by the bottom 50% of income earners. They paid an average of $822 in Federal Income Taxes. Let's disregard that group and look at the upper 50%. Likewise 76,900,699 returns were filed and this group paid an average of $26,959 with those returns.

If we assume an average "working life" of about 42 years (some go to college, some don't), then this group will pay about $1,132,278 (no inflation adjustment) in total before retirement. Yes, they will keep paying IN retirement, but we'll skip that too. Following the arithmetic, if a government program wastes (or is cheated out of) $10 million, then we have (10MM/1,132,278) or 8.83 LFAs lifetimes of tax payments frittered away.

Recently, the *Wall Street Journal* reported a massive fraud in Minnesota estimated to be $9 billion (that's nine thousand million) of Minnesota taxpayers' money and a matching sum of federal tax dollars. That amounts to over 7900 LFAs on the federal side alone. Tell almost 8000 people that all of the taxes paid in their working lives were just frittered away! Minnesota only?

The November issue of the *Journal of Financial Service Professionals* published an article titled "Waste, Fraud, and Abuse?" by B.D. Schobel. He pointed out that the Social Security database lists 4.7 million people with ages from 100 to 109, another

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3.6 million from 110 to 119, 3.47 million from 120 to 129, 3.9 million from 130 to 139, 3.5 million from 140 to 149 “and money is being paid to many of them”. Think again if you think we covered it. Mr. Schobel also reported 1.3 million people from 150 to 159 and 130,000 over the age of 160. The topper? The SSA database also tells us about 1,039 folks between 220 and 229, but only a single one over 360! Fascinating to note that there may be a citizen collecting benefits who is 110 years older than the United States itself!! LFAs doubled and in spades. It’s your money and mine and our entire lifetimes of tax payments go into the calculation of LFAs. Angry yet? We hope so.

Happiness and health in the coming year.

Thanks as always. Comments and questions are always invited.