



## Election Year Antics

### Primaries Unusually Early; Expect the Unexpected

Strange things have been known to happen during election years. As we enter a campaign cycle that is already unlike others we've seen, we can expect to see out-of-the-ordinary behavior by everyone from policymakers to Wall Street traders. In fact, we have already seen some change from past election years.

Take the primaries as an example. In 2004, nine states held their primaries prior to February 5. In 2008, at least 22 states will have held their primaries by that date.<sup>1</sup> In fact, no fewer than 29 states have moved their primaries to earlier dates in order to jockey for greater influence over choosing the next president.<sup>2</sup>

As we move through this year, it may be good advice to expect the unexpected.

### Uncertainty Is Certain

One concern in any election year is uncertainty. In this respect, 2008 may be no different. Regardless of the election outcome, we can expect changes in tax policy, entitlement spending, and health-care insurance. Public and private sectors tend to postpone making big decisions when faced with uncertainty.

### Tax Debate Still to Come

The bulk of the debate over tax policy probably still lies ahead. Although the general direction in which each party plans to steer tax policy is already well known, the individual candidates disagree over the finer points. Neither party is likely to nail down this plank in its campaign platform until it selects nominees.

What's at stake is whether the 2001 and 2003 tax cuts will be extended, allowed to expire after 2010, or revised to include or exclude certain income groups. The fate of capital gains

Free to Choose? Not Always	
Campaign contribution limits for individual donors in 2007 and 2008	
<b>\$2,300</b>	To each candidate or candidate committee per election (up to \$42,700 limit)
<b>\$28,500</b>	To a national party committee per calendar year (up to \$65,500 limit to all political committees and parties)
<b>\$10,000</b>	To a state, district, and local party committee per calendar year
<b>\$5,000</b>	To any other political committee per calendar year



taxes, the estate tax, and the alternative minimum tax also lies in the balance.



**\$108,200**

Overall biennial contribution limit  
(to all candidates and committees)

Source: Federal Election Commission, 2007

## Health Cares

Most of the presidential contenders have acknowledged that there are problems in the health-care system but differ in how or whether the government should be involved in expanding health-care-coverage to more Americans. It's impossible to know whether reforms such as universal health care, tax credits, and tax-deductible insurance premiums will materialize or will just be grist for the campaign trail. What is known is that medical costs are rising faster than the rate of general inflation, and there is likely to be increasing public pressure to rein in costs.<sup>3</sup>

Election years always hold surprises. For investors, it may be important to stick with a long-term strategy and not be distracted by short-term developments. You may benefit from a review of your financial situation.

1-2) WashingtonPost.com, 2007

3) Haver Analytics, 2007, consumer price index for the period January 1947 to July 2007

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