What Bernie Sanders' tax returns say about his faith in socialism

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Can Bernie Sanders win in 2020?
Former Ted Cruz campaign pollster Chris Wilson discusses how some Democrats are concerned that Sen. Bernie Sanders (I-Vt.) won't be able to defeat President Trump in 2020.

Self-described Democratic socialist Sen. Bernie Sanders, I-Vt., and his wife Jane released 10 years of tax returns this week. The returns show a pretty typical picture of Americans in the top 5 percent of earners, until they became 1 percenters in 2016.

Yes, they itemized their deductions where they wrote off expenses like home mortgage interest of over $37,000 in 2009 and their state and local taxes in amounts of anywhere from $20,000 to over $216,000 in 2017. (President Trump's tax reform limited the state and local tax deduction to just $10,000, effective in 2018.)

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But there are a few surprising revelations that seem quite suspect given Sanders’ full-fledged embrace of tax-the-rich progressivism and unabashed promotion of Democratic socialism. (i.e., his plan for government-run single-payer Medicare-for-All 2.0, alongside free university education for all and more freebies.)

First, we see a tinge of capitalism when Jane started an antique business in 2012, albeit at a loss, which reduced their taxable income nearly $1,000. Then, in 2013 and 2014, she reported business income as a commissioner for the Texas Low-Level Radioactive Waste Disposal (TLLRWD) Compact Commission. This is the commission that oversaw the proposed Sierra Blanca nuclear waste dump site, which Sanders voted for but the state of Texas nixed.

In 2015 and 2016, Sanders himself reports minor business income as a commissioner of...
incentives exist, such as underperforming businesses and commissions at VEDA, the Vermont Economic Development Authority, which provides financing to businesses in Vermont that -- wait for it -- create jobs. But what I found the most interesting was Jane’s transition from being a college president in 2011, to being self-employed in 2012, 2013, 2014, 2015 and 2016, until she becomes a writer in 2017. Whatever this self-employment income actually was, their W2 wages jointly were over $238,000 from 2009 through 2013 but dropped to $156,441 in 2014 when perhaps something important happens -- Jane seems to have really retired -- thus the substantial income drop.

She then turned on her Social Security income benefit at 64 years of age, at an approximate 87 percent of her FRA (full retirement age) benefit at age 66 (she was born January 3, 1950).

Now, it is no secret that most financial planners will strongly discourage you from turning on your Social Security benefit before your FRA, unless you really need the money, because you are looking at a permanent and irreversible discount on your payment for the rest of your life. (Not to get into the weeds, but the advanced strategy of “file and suspend” wasn’t being leveraged because Bernie was taking his benefit, and it was not a “restricted application” just to get half of Bernie's benefit because she wasn’t yet at full retirement age. She took it early – plain and simple.)

So, what message does it send America that Jane turned on her Social Security at a discount before her full retirement benefit had been earned? It seems clear – humans often act with immediacy in their own self-interests, to get a benefit now, even when that choice is at their long-term detriment. This self-interested trait is the human condition. It is the very trait that makes capitalism work while ensuring socialism’s failure, as operating for the collective disincentivizes individuals and emboldens those who would take from the system while not contributing appropriately themselves.

Don’t misunderstand me, there is nothing wrong with taking Social Security early and acting in your own best interests — and of course there are legitimate reasons for doing so. You probably should just not be that guy when you are the national spokesman arguing for the greater good of the collective, advocating for our country to move to a total government takeover of our health care.

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While it is possible Jane took benefits early under some unknown circumstance that is not discernible from the return alone, that would not change the fact that the Sanders were leveraging their ability to take as much benefit as possible early -- before Jane's obtaining full retirement age. When Bernie Sanders privately acts to maximize his own interests, what confidence can anyone have in his commitment and belief in the greater good of the collective? In his commitment to socialism?

This is just another case of do-as-I-say, not-as-I-do politician.

Rebecca Walser is a licensed tax attorney and certified financial planner and author of the book Wealth Unbroken, who specializes in the strategic planning of maximizing lifetime wealth while minimizing tax through her practice, Walser Wealth Management. She earned her juris doctor degree from the University of Florida and her Master of Law degree in taxation from New York University. She is a frequent national media contributor.
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