

## More of the same during the 32nd Dail?

As the election candidates and the parties come to terms with last Friday's election poll results, whether by celebrating their victories or licking their wounds, the rest of us go about our daily lives.

The impact of this election – how many promises are kept or discarded; how much extra or less tax we will pay; new spending priorities – will only become clear once the new government is formed.

The purpose of a political class – they will no doubt disagree – is to spend other people's money. What else is an election, the great HL Mencken once asked, "but an advanced auction of stolen goods".

One of the most disturbing things that I observed about the campaign rhetoric from most of the party leaders and career politicians is that most of them didn't have a clue how the income tax, USC and PRSI system and the effort to fund a retirement outside of the public service applies to the rest of us. But then I doubt if most of the career politicians know the cost of pound of mince, a litre of milk costs or the price of kid's shoes.

Those prices vary quite a lot in fact, but only folks watching their budgets regularly shop in a selection of discount supermarkets, department stores and high street corner shops know this. Members of parliaments don't spend hours and hours comparison shopping every week; they don't fill up trolleys and baskets with infants and toddler in tow; they don't waste hours queuing up and packing and unpacking their goods.

Other people do this work for them. They are busy, doing more important work 'for the state'. As Robert L Smitley, writing in the 1930s said: "Possibly the easiest act for any human being is to spend money which does not belong to him." Every five years or so we confer this privilege – of allowing a small cohort of not very well informed people – to determine how much of our earnings they will allow us to keep.

I mention this only to remind readers that while there had been a shocking amount of fuzzy thinking about personal finances, let alone the wider economy, that dearth of knowledge goes both ways.

It isn't just Gerry Adams who doesn't know that every euro earned over €33,800 is liable to a combined income tax, PRSI and USC rate of 49% but that it jumps to 55% if you happen to be a sole trader and your business earns more than €100,000? (And would rise further to 62% if Sinn Fein ran the country.)

The income tax system now generates about 38% of all the revenue of the state (it was about 20% back in 2008) so any changes the new Dáil makes to their taxing and spending could be very significant.

Yet there was very little mention during the campaign of the general government debt of over €203 billion and annual interest payments of about €8 billion and how we are still short of balancing the annual budget by a few billion. (The debt was about €50 billion in 2008).

We spend nearly €13.4 billion a year on a persistently dysfunctional health system. Unemployment is still over 8%, there's a lost émigré generation, and we have some of the highest levels of household debt in the world.

Yet there is wide, cross party/political support for the maintenance of expensive, unsustainable universal welfare benefits like the state pension, child benefit, free GP care for all and unfunded defined benefit public service pensions.

So can or will the new government cut or abolish USC, reduce or revoke water charges and property tax, restore lost public service wages and refund their higher pension payments? Will third level charges be abolished? Will the minimum wage rise again or a minimum living wage be introduced for everyone? Will old age pensioners get another €25 a week by 2021? Will all carers, single parents, the disabled, young unemployed, all see rises in their weekly benefits? Will there be Scandinavian-style childcare and Scandinavian-style tax subsidies?

Will people on "higher" incomes of €70,000, €80,000 or €100,000 (take your pick), pay higher income tax and new wealth taxes to pay for these promises? Will the new government maintain and extend services and benefits and salaries and pensions that are only affordable if we – in advance the earnings of future generations?

Elections are seldom 'elevating' events. This one might prove me wrong yet. But forewarned is forearmed. If you haven't done a financial review, checked how much tax you pay, looked at how much debt you owe or the size of your nest egg, maybe you should. An impartial, independent, fee based adviser can help.

There's a whole new set of politicians in the Dáil, just itching to spend your money...for the good of the country, of course. Jill's 2016 edition of the TAB Guide to Money Pensions & Tax is now in all good bookshops. If you have a personal finance question for Jill, email her at [jill@jillkerby.ie](mailto:jill@jillkerby.ie) or write to her at The Munster Express, 37, The Quay, Waterford. .