

Fiscal Cliff for Dummies

By

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Regardless of political affiliation, this summary explains the federal government's budget and predicament.

The **fiscal cliff** put in a much better perspective:

Lesson No. 1

- U.S. tax revenue: \$2,170,000,000,000
- Federal budget: \$3,820,000,000,000
- New debt: \$1,650,000,000,000
- National debt: \$14,271,000,000,000
- Recent budget cuts: \$38,500,000,000

Let us now remove eight zeros and pretend it is a household budget:

- Annual family income: \$21,700
- Money the family spent: \$38,200
- New debt on the credit card: \$16,500
- Outstanding balance on the credit card: \$142,710
- Total budget cuts so far: \$38.50

Got it? OK, now consider this.

Lesson No. 2

Another way to look at the debt ceiling:

Say you come home from work and find there has been a sewer backup in your neighborhood. Now your home has sewage all the way up to your ceilings. What do you think you should do? Raise the ceilings, or remove the sewage?
Author: Unknown

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About Susan Carr-Templeton

Susan Carr-Templeton is an Oak Brook-based financial planner and wealth manager with more than 20 years of investing experience. With a fee-based model, she also works with clients in DuPage and Hinsdale, Illinois. In addition to managing [Stafford Wells Advisors](#), Ms. Carr-Templeton volunteers on the investment committee for the Advocate Foundation. She offers personal finance on investing, saving, retirement and more in “Making the Most of Your Money.”