Seniors hurt by actions of the feds, Federal Reserve

AJC

8/13/20

Under 12 U.S.C. Section 225a, the Federal Reserve Bank is supposed to seek three objectives: low unemployment, stable prices and moderate long-term interest rates. For many years, the Fed has decided moderate long-term interest rates do not apply. Now it wishes to interpret stable prices as meaning the average over many years, knowing the past several years have seen little inflation. Translated: It expects significant inflation. While Democrats rush to redistribute wealth through another $3 trillion "stimulus," it should be noted much of the harm will be experienced by middle-class seniors who aren't financially savvy. They are invested in instruments like CDs. They are not experiencing the market increases brought on by the money the Fed is now printing – action that boosts the stock market to the benefit of the wealthy, exacerbating the wealth gap. Seniors will take the inflation hit worse than others. Financial recklessness from 2012 to 2019 is behind the low Fed rates (and thus, low CD rates). Those rates need to stay low to prevent civil unrest had they risen to a normal level.

ALLEN BUCKLEY, ATLANTA