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Here's the Tax Beat broadcast for July 8

Subject Line: Founding Filers

Here's a thought experiment for America's semi quincentennial: what if you'd been the Founders' tax planner? Each of them would have been a completely different case file — one a dream client, one a head-scratcher, and one who would've kept you up at night for forty years.

Start with George Washington. On paper, he was one of the wealthiest Americans alive. By his death in 1799 he owned over 52,000 acres scattered from Virginia to the Ohio Valley, an estate worth somewhere north of $500 million today. His 1040 would have looked like a small conglomerate's: Schedule F from the farms (wheat, corn, flax, and hemp), Schedule C from the largest commercial whiskey distillery in America, commercial fisheries on the Potomac that hauled in a million fish a season, and W-2 wages — a presidential salary of $25,000, which was 2% of the total federal budget.

If today's president drew 2% of the federal budget, his salary would clear $130 billion. And yet Washington was famously cash poor — he had to borrow £100 from a friend to get to his own inauguration. A modern planner would've said: George, your real estate basis is wonderful, but how about a little liquidity?

Then there's Benjamin Franklin, whose return would have included nearly every form. Schedule C from his print shop (the Pennsylvania Gazette and Poor Richard's Almanack). Schedule E from his mail-order catalog, his paper mills, his stationer's shop, and a network of franchised printing operations across the colonies. Wages from his postmaster general appointment. Foreign earned income from his decade as ambassador to France. Net worth at death: between $10 million and $90 million in today's dollars, an estimate so wide it would be a planning opportunity all by itself. The detail that would've made his planner weep is that Franklin refused to patent any of his inventions. The lightning rod, the Franklin stove, bifocals — all gifts to humanity, all forgone royalties. It was voluntary income forgiveness on a scale the IRC has never quite figured out how to disallow.

Thomas Jefferson is the case study tax planners use to scare new clients straight. He inherited wealth from both his father and his father-in-law, the latter with $20,000 of attached debt — a pre-Code stepped-down basis nightmare. He pulled income from his plantations, his ambassadorial post in Paris (where he spent more than he earned for five straight years), the vice presidency, and two terms as president. And yet his outflows were the stuff of cautionary tales: a $7,500 wine bill in his first presidential term alone (about $200,000 today), four decades remodeling Monticello into a money pit, lavish entertaining, and a $20,000 loan he cosigned for a friend in 1818 that came due when the friend died. The Panic of 1819 wiped out his land values. By his death he was $107,000 in debt — about $2 million today. Monticello and 130 enslaved people were sold at auction six months after he died, and his grandson spent the next fifty years paying off the creditors.

The kicker: Jefferson died on July 4, 1826 — exactly fifty years to the day after he signed the Declaration of Independence, and the same day John Adams died at his estate near Boston. Both Founders, the country's 50th birthday, the same afternoon. The man who wrote "the pursuit of happiness" spent his last year trying to pursue his way out of debt by lottery.

Two hundred fifty years later, the country has changed beyond recognition. But wealthy people still go broke the same ways: lavish entertaining, expensive remodels, and generous cosigning. The difference is that today, you can do something about it before the auctioneer shows up. Skip the lottery. Call us, and we'll keep your Monticello off the block!

Kevin