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Some Advisors Wary Of Democrats' 'Socialist' Message

JUNE 28, 2019 • [TRACEY LONGO](#)

While Twitter and the mainstream media may be focused on the plethora of free, new social programs many Democrat candidates are touting, many Wall Street and investment advisors remain seemingly mostly unfazed after the first round of Democrat debates.

To find out what advisors think the impact on their clients might be from any of the benefit expansion platforms being floated by the 20 Democrat candidates who took the stage in back-to-back debates this week, *Financial Advisor* did an informal survey of advisors.

Not even Sen. Bernie Sanders's (D-Vt.) sweeping plan to cancel \$1.6 billion in student debt for 45 million Americans and eliminate tuition and fees by taxing stock transactions seemed to roil advisors or the markets. The reason? The investment professionals we spoke with don't believe that such plans have a shot at becoming reality if the economy holds steady.

"I think Bernie is sincere and has had the same positions essentially for decades. But this is America, the bastion of capitalism. You attach the word socialism to anything, and it is dead on arrival," Kashif Ahmed, president of American Private Wealth in Bedford, Mass., told *Financial Advisor*.

"Trump has cornered that narrative," Ahmed predicted. "We have seen socialism end in flames all over the world. It will not help any client.

"At the end of the day, everyone only cares about their pocketbook, which is why even the most ardent Obama haters came to be neutral towards the end of his presidency, because the economy and stock market had done so well," Ahmed said.

"I think if pocketbooks look healthy, Trump is assured a win. Especially if the Dems still don't have a message," he added.

One financial message that came through loud and clear both nights was Democratic candidates' desire to provide universal health care, including undocumented immigrants who have come to the country illegally.

On the second night of the televised debates in Miami, presidential hopefuls including former Vice President Joe Biden, Sen. Kamala Harris (D-Calif.) and South Bend, Ind., Mayor Pete Buttigieg, were asked if they would support covering health care for illegal immigrants if elected president.

All 10 candidates on the stage raised their hands in affirmation.

Trump took notice while at his Asia visit for the G20 summit. Shortly before meeting with Russian President Vladimir Putin, he tweeted, "All Democrats just raised their hands for giving millions of illegal aliens unlimited healthcare. How about taking care of American citizens first!? That's the end of that race!"

Estimates for Medicare for all, which is "one step away from single-payer" plans, have been pegged as high as \$22 trillion annually, depending on how benefits-rich the plan is. North Carolina politicians recently killed their own state single-payer plan when cost estimates rolled in with a \$20 billion price tag.

"The idea of free anything is the enemy of free markets," said Dennis R. Nolte, vice president of Seacoast Investment Services in Oviedo, Fla.

"Most of my clients wouldn't want their taxes raised. They're in their mid 50s or a little older and have already paid for their kids' college. They may be a little concerned about health-care costs, but most are center or right of center. We've planned for these events with them for years," Nolte said.

The Democrats' message that there is a free lunch worries Nolte. "This is changing what America is about, the idea that you put in hard work over time for reward," said the second-generation immigrant who recently taught a graduate class in entrepreneurialism.

Many of the students were first-generation immigrants and first-generation college students who were very interested in "money, business creation and mergers and acquisitions," he said.

"They're definitely not asking for free tuition and handouts," Nolte added. Socialism and free benefits "is not a good message to send people, especially younger folks who have no ideas of what a free market is. You're not going to be getting free money like we've been getting for last seven to eight years forever," the Florida advisor warned.

Ben Simiskey, director of wealth management at Stegent Equity Advisors in Houston, said he tries to think about whether some of the Democrat proposals for taxpayer-financed benefits will benefit or harm clients in both a financial and emotional way, since not all of his clients lean to the right.

"Governmental policies can sometimes benefit in one way, but harm in another. I think the proposed socialist policies would be a negative to my clients financially. But for my clients who lean left, the policies could benefit them emotionally," Simiskey said.

The economy will likely be a significant deciding factor in the election, he added.

"We seem to be nearing an inflection point on the economy. If it manages to continue as is through the election, I think that's a benefit to Trump and my clients. However, if it starts to sour, Trump will have to own that, and it would hurt his chances for re-election."

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