Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Dennis Tubbergen – Special Report
Retirement Lifestyle Advocates

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Jeremy Bolker:

Welcome back to another edition of the Retirement Lifestyle Advocates Radio Show. I'm Jeremy Bolker, along with our host and frequent keynote speaker on a lot of different financial topics. You've been hearing them for years right here, Dennis Tubbergen. And Dennis, happy fall. It's finally fall season here and its autumn. We're starting to get those nicer, cooler nights coming into the forecast. And you know what? Speaking of cooling off a little bit, I think that might apply to unfortunately, our economy a little bit too.

Dennis Tubbergen:

Yeah. Well Jeremy, it's nice to be with you again and glad you're with us. Yeah, we both reside here in West Michigan, and that certainly is what we're experiencing. Makes maybe our listeners from other parts of the country and around the world climate's look a little better. But boy, it's hard to beat West Michigan summers. So that said, yeah, I think that the US economy may already be in recession. And I'll tell you why I think that, a couple reasons.

First of all, the metric or the measuring stick that's used to determine whether or not the economy is in recession is the US dollar. So, for our listeners maybe that aren't familiar with how this works, technically, economic output or gross domestic product is measured quarter to quarter. And they take a look at economic output. And economic output of course, is measured in dollars.

So, if you think about it for a minute, and go back and consider what your family spent on groceries three or four years ago and what you spend today, the dollars that you use to buy groceries don't buy what they used to. So what does that mean? It means that when you leave the grocery store, you're spending more money now than you did four years ago. Well, those are the same dollars that have been devalued, that are used to measure US economic output.

So, by virtue of the fact the dollar buys less, the reported number looks bigger, but that doesn't necessarily mean that the economy is healthier. So that's the first comment I would make.

The second comment that I would make is that when you look at what makes up economic output, when you look at what makes up gross domestic product, there's consumer spending. What you and I, Jeremy, spend is about 70% plus a little bit of the US economy. We don't manufacture a whole lot here anymore. That trend is starting to reverse a bit.

But we are a consumption economy. The US economy is healthiest when you and I are out spending money. And the debt levels that exist now in the private sector indicate that at least collectively, this isn't true of all of our listeners, but collectively as a group, Americans are spending money they don't have. That's why credit card debt is at an all time high. Student loan debt is at $1.7 plus trillion.

Jeremy Bolker:

Well, and then Dennis, if I could interrupt you, that's why we haven't necessarily seen too many declines overall economically, we haven't quite felt it is that we're... We always use the kicking the can down the road, but we're still spending. We're not necessarily adjusting our spending patterns yet. Even though things are more expensive, we're still buying the same amount of stuff. And I mean it does make sense then because if our economy's based on 70% consumption as you had said, and we haven't slowed that down yet, we're sort of delaying the inevitable a little bit here too.

Dennis Tubbergen:

Yeah. I mean, the reason I believe credit card debt is at an all time high is that Americans are using credit cards, at least many Americans are, to meet basic living expenses like food.

The other point I'd make when you look at the other components of economic output or gross domestic product, you've got investment. So this would be investment in factories, investment in new homes, investment in infrastructure by private enterprise. But also, government spending is part of gross domestic product.

And here's the point, we will finish this year, the United States being, we will finish this year with a $2 trillion deficit. So that means the government is spending $2 trillion more than they're taking in tax revenues. They're putting that on the government's credit card, which now has a balance of more than $33 trillion as of this past week. We now have more than $33 trillion in official debt. We have about a $25 trillion economy. $2 trillion of government deficit spending amounts to 8% of the economy.

So, take 25 trillion, multiply by 8%, you get 2 trillion. If the government had a balanced budget, we'd have a $23 trillion economy, and the economy would be in recession.

So that's my argument, Jeremy, that the dollar is no longer a consistent metric. It's being devalued very quickly. And secondly, the government's spending a lot of money that they don't have tax revenues to cover, so they're putting money on the credit card also. So, we have an economy that is debt laden, both in the private sector and in the public sector. And why I think we're going to enter a very deep recession, and don't shoot the messenger, is this debt is going to have to be purged from the system.

The bottom line is this. If there's too much debt to be paid, it won't be paid. And that's going to lead to what I believe will be a deflationary environment, and some type of reset.

Jeremy Bolker:

If you could, Dennis, just give us a tangible scale of the debt of our economy, and how massive it's gotten. I remember when just even hitting the trillion-dollar level was so terrible. Actually, multiple billions of dollars now or trillions now. We're in multiple, multiple, multiple trillions. I don’t know if you have any numbers offhand or we could revisit it for another segment, but just to show the scale of how much our debt has continued to increase so massively from where it's been. It just keeps getting worse, and worse, and worse.

Dennis Tubbergen:

Yeah, I'll give you a couple things. That's a really good point, Jeremy. And hey, before I forget, let me remind the listeners that all this is covered in detail in my September 2023 special report. The 2023 special report is titled Autumn Forecast for the Economy and Investing Markets. If you go to the website, requestyourreport.com, I'll send you a copy of the report. I'll also send you a copy of my bestselling Revenue Sourcing book, as well as a copy of The Little Black Book on Social Security Maximization. That's all free. You'll get a box of stuff in the mail, a lot of resources to at least give you another perspective. So that said, let me jump in and give you two statistics here.

First of all, Professor Laurence Kotlikoff, who's been a past guest here on this program and who served on the Council of Economic Advisers under presidents Reagan and Clinton, estimates that the fiscal gap of the United States is more than $200 trillion. So, what does that mean? Well, the official national debt, as we just said, is at 33 trillion. Medicare is underfunded, Social Security is underfunded, and there are a lot of promises that the government has made to pay out benefits to people over time. So, when you take a look at how underfunded the entire government is and add that to the

national debt, you get a fiscal gap of $200 trillion, which is simply a number that is unfathomable.

So, at some point, one of two things happen. One, some promise benefits don't get paid, and we enter a deflationary environment. Or two, the Federal Reserve jumps in, currency is created to attempt to meet all these government promises, these liabilities, if you will. That adds to our inflation problems. So there is no good outcome here. Now that's public debt.

Now, let's look at private sector debt for a minute. If you go back to the time of the Great Depression in 1929, total private sector debt was between 140 and 150% of economic output. In 2022, private sector debt is now about 220% of economic output.

So private sector debt on a percentage basis is about 50% higher than it was in 1929. We all know what happened in the 1930s to some extent. And in 1929, government debt to GDP was about 20%. Now we're 130%, but the fiscal gap is a lot higher than that.

So, Jeremy, this cannot have, in my opinion, a happy ending. And that's why I think people that aspire to a comfortable, stress-free retirement cannot do what their parents did or grandparents did. Unique times, unique circumstances call for unique planning strategies, and that's what this information is all about. So, I would encourage people, even if our paths never cross again, go get the information at requestyourreport.com.

Jeremy Bolker:

Yeah, again, that's requestyourreport.com. And mine just arrived in the mail here yesterday, with the couple books, the reports, and then get me in line for future reports, and that DVD as well. Some box of goodies right there too, that there's no obligation. Why not be informed on some of these things? And we take a pretty cerebral and granular approach to the economy. It's not just, "Hey, we think it's going to do this, this, and that," but why? And that's why you tune into Dennis Tubbergen each week too, is well, what makes sense? Let's not just throw a prediction out there, but how you get to that conclusion. And that's what a lot of these reports do.

Dennis Tubbergen:

Yeah, for sure Jeremy. And when you understand the magnitude of the debt that exists, you can understand that it's really elementary school math or middle school math when you figure out what the debt liability is per citizen,

and compare that to the net worth per citizen. We know this can't all be paid. So that means that at some point, there's going to be some type of fallout, because this debt can't be paid.

Now, what maybe isn't clear to a listener right now is how this might affect their planning for retirement. Well, we'll talk about this more in future segments on today's program, so you'll want to stay tuned. But when you look at how this affects traditional investments like stocks and bonds... So, the traditional Wall Street approach and planning for retirement is to have 60% of your portfolio in stocks, 40% in bonds. And then the older you get, you put more money in bonds. Well, I'm here to tell you that it's my firm opinion that both stocks and bonds near term, I believe are quite bearish.

So, taking a traditional approach as this economy has to reset, as this debt has to be dealt with, I believe will set people up for failure. So that's why I'm so excited and almost evangelical about getting this message out. So I would encourage people again, to go to requestyourreport.com and let me send you all this information.

Jeremy Bolker:

So, I know in the next segment we're going to go and feature and talk a little bit more specifically about stocks. But in the rest of this segment, Dennis, maybe you could put a bow on the general economy. And as you said, it does look like we may already be in a recession. And are we looking at, how much more ahead do you believe it's going to continue, to get worse and why?

Dennis Tubbergen:

Well, I think Jeremy, it ultimately goes back to debt. So in a minute and a half, when you look at what's happened here since the time of the financial crisis, the Fed has been engaging on and off in a program called quantitative easing. And when you hear that, it just means they're creating currency.

Technically, the Fed is creating currency, and they're using that newly created currency to buy assets from banks. They're buying US government bonds, and to some extent mortgage-backed securities from banks. But all that currency creation is called liquidity. And economists would call that adding liquidity to the economy.

But adding liquidity to the economy does not solve the structural or debt problem. In fact, the debt has gotten worse. Worldwide, at the time of the

financial crisis, there was about $100 trillion in debt on public balance sheets and private balance sheets. So worldwide total about 100 trillion. According to Reuters here just two months ago, worldwide debt is now 305 trillion. So currency creation really creates a bigger debt problem, because today's currency is debt.

So, we live in a world where every currency in the world is a fiat currency. Currency creation has been taking place. And as currency is created literally out of thin air, you can stop and think that there really is something, that you can't really get something for nothing. But that's really what has seemingly occurred. But there really is not anything that you can get for free. There's always a price to be paid, and I believe we're going to have to pay that price moving ahead. And I believe traditional asset classes will suffer.

So again, as we close the segment, requestyourreport.com is where you go to get the information. Just let us know where to mail it, and you'll get a big box of stuff in the mail. And we'll return after these words.

Jeremy Bolker:

And welcome back into the Retirement Lifestyle Advocates Radio Show or RLA radio show joined by Dennis Tubbergen. He's written over eight books on consumer finance, and four of those have been bestsellers. And Dennis, we got to talk about the general economy and really the likelihood that we already are in a recession. As part of that though, as part of this whole breakdown and this evaluation of the economy, let's talk about stocks, and valuation of stocks, and where you see them right now, and what that all means.

Dennis Tubbergen:

Well Jeremy, in our interviews in the past, I have used this particular valuation tool. So, for our listeners that are faithful listeners and listen every week... And we know there are a lot of you out there, so thank you for that. I'm going to use an analogy or a comparison that you've heard before.

But this particular valuation measure is Warren Buffett's favorite. So as soon as Warren Buffett said he liked it, the media named it after him. So, it's known as the Buffett indicator.

And the Buffett indicator is a fraction. So, if you think back to math class when you were in primary school, a fraction has a numerator and it has a

denominator. The numerator is the top number on the fraction. The denominator is the bottom number.

So, when you construct the Buffett indicator to determine stock valuations, you have the numerator of the fraction being the total value of the stock market. It's called market capitalization. Well, what does that mean? It means that we just take every share of stock that exists, we add them all together, and we get total stock market value. Then we divide that by the economic output of the US economy.

Now, both of these are reported in dollars. Market capitalization is in dollars, gross domestic product is in dollars. But it's a good way to take the devaluation of the dollar out of the determination to determine what stocks are really worth.

So, if you go back to the time of the tech stock bubble unwinding, so some of our listeners are going to be too young to remember it. Unfortunately, I am old enough to remember it. Go back to 1999, we had stocks valued at about 150% of the US economy. From that point, we saw a 55% decline or so in stocks. 2000, 2001, and 2002 had stocks down.

At the time of the financial crisis in 2007 and ending in early 2009, stock valuations at the beginning of that using the Buffett indicator were about 110%, meaning stocks were 110% of the economy. We saw almost a 55% decline from there. In December of 2021, stocks were 220% of the economy, 50% more overvalued than at the time the tech stock bubble started to unwind.

So let that sink in for a minute. Stocks were valued at 50% more than they were when we saw about a 55% decline in the market. We saw a decline in the market in 2022. We've seen a bit of a rebound here from October of 2022 to the present time. Stocks right now are 160% roughly of the economy. So right now, stocks are at their second highest valuation ever, which tells me there is a lot more probability of a downside here in stocks than more upside.

Jeremy Bolker:

Well now keeping that in mind, what's our risk reward right here, Dennis? Because it's very innate. I mean people are, I'm not going to say like lemmings, but you'd want to tend to jump on something as it's going up, as

it's going up. You don't like Warren Buffett does, jump on something when it's down or very down, then you buy in.

So, what is the reward? Because if you buy in, that means you are believing that the stocks are going to continue to go up and up. So, what's our risk reward right here, do you think, by jumping into stocks right now?

Dennis Tubbergen:

Well, in short, I think you have risk that far outweighs the potential rewards. So, a smart investor, a smart trader if you will, is going to take a look at any potential investment, assess the risk, and assess the reward. So, you make an investment when you perceive the reward to be potentially a lot greater than the theoretical risk might be or the potential risk might be. So let me just use an example.

Let's just say that you're standing on an eight-lane highway, four lanes each way at rush hour. It's bumper to bumper traffic. They're moving along quite quickly. And on the other side of the eight lanes, there is a $5 bill. Are you going to run across eight lanes of traffic and then back across eight lanes of traffic for a $5 bill? That would strike me, that the risk is a lot greater than the potential reward.

On the other hand, if there's $5,000 on the other side of the highway, you might say, "Well, wait a minute. I can bob and weave and stop and start, and I can make my way across there. I can pick up the five grand, and then I can make my way back across it."

So, there's a lot of risk. The risk hasn't changed, but the reward in the one hand isn't worth the risk. On the other hand, depending on who you are, perhaps that potential reward is worth the risk.

Right now, if you're jumping into stock, you're running across those eight lanes of traffic twice for $5 in my opinion. The risk is a lot greater than the reward. And I believe that the downside potential from here is much greater than the upside potential. And I don't know what the catalyst will be that could drive the market lower.

And I'm not saying Jeremy, the market can't go up some from here. It certainly can, but I believe that the risk at this point far outweighs the reward. And I believe again, that you need to look at other strategies like we

talk about in the report. Which again, you can get by going to requestyourreport.com. And I would be looking to use very targeted strategies here if I was going to be in stocks. But I certainly at this point overall, think that stocks are not a good place to be.

Jeremy Bolker:

How much is that, do you think Dennis, is psychological too? If people are saying, "Man, we're hitting with this bad news. But you know what, it hasn't moved much. Maybe we're going to be okay." Versus then when it's on a sinking ship, then it's like man, everyone, it is like where are the lifeboats? But it's just interesting how the momentum trail may take you down there. And then once you know you're on the Titanic, everyone's jumping ship. And then it may drop down even more further than what it really has to, just because of that psychological factor. I'm curious to see what your thoughts are on that overall mentality, and the psychology of the stocks too.

Dennis Tubbergen:

I think Jeremy, that's a very savvy question, because there are many indicators out there that are sentiment indicators. So what is a sentiment indicator? A sentiment indicator gives you some idea as to what investors are thinking.

So, at many market tops, the market sentiment is overly bullish. Everybody thinks the market's going to keep going up. And I think we have an overly bullish sentiment right now, simply because going back over the past 15 years, every time the market has corrected, the Fed has stepped in to offer support.

So whenever there's bad economic news and the Fed has engaged in quantitative easing, and the market jumps in and says, "Wow, yay, the Fed, the market, the economy's bad. The Fed's going to engage in quantitative easing." And all of a sudden you've got a market rally.

So, I don't think we've seen sentiment reach a point that everybody is bearish. And once everybody's bearish, at that point, I think it's time to buy. But I think we are a long, long way from that, and I think the risk far outweighs the reward in stocks. And again, as we close this segment, I would invite everybody to go to requestyourreport.com and I'll send you the September 2023 special report. I'll send you the Revenue Sourcing book as well as The Little Black Book on Social Security Maximization. Again, the website is requestyourreport.com.

And Jeremy, as we go to break, I also want to mention if you go to retirementlifestyleadvocates.com, there's a lot of free resources there as well. That is retirementlifestyleadvocates.com. We will be back after these words.

Jeremy Bolker:

And welcome back to the second half of the Retirement Lifestyles Advocates Radio show. I'm Jeremy Bolker, along with the host Dennis Tubbergen. And a reminder too, you can get all of these wonderful resources that we've referred to throughout the program at retirementlifestyleadvocates.com. Again, retirementlifestyleadvocates.com.

Dennis, we had been talking about the general state of the economy, hitting, we probably are already in a recession. But then it went down to stocks, and we did some analysis of risk reward with stocks here in the previous segment. And so now, let's still touch a little bit more on stocks, and then we're going to get into bonds here.

But if we could, I like a little bit further valuation on stocks. Because some traditional plans, a advisor might've said, "Hey, let's put your money 60% stocks, 40% bonds." So, keeping that, let's just say, I don't know if you're going to call it conventional wisdom or not. But keeping that in mind of let's say we haven't varied too much from that, where do you think things are with stocks, if you could put a bow on some of that risk reward as well?

Dennis Tubbergen:

Yeah. So, I guess I would say Jeremy, that as I said in the last segment, I believe that there is a lot more risk in stocks now than there is reward potential. So that's my strong opinion.

The question of course, is if the Fed does reengage in quantitative easing, which I believe they will, or currency creation, which I believe they will, we can talk more about that in this segment. Then ultimately, does that mean stocks could react favorably as they have in the past? And I would be the first to admit that yes, potentially they could.

Although when you go back and look at stocks, really since the dollar became a fiat currency in 1971, you have had a long series, over 50 plus years of booms and busts. The stock market goes up, the stock market declines. Our first bear market was in '73, '74, we had the flash crash of '87, we had the tech stock bubble crash. I mean, we've talked about all those.

And one thing that each bust has over the prior one is it's more severe. It seems like every time we get a bust and the Fed jumps in, it takes more stimulus to get the market back to the same level, which leads to a bust that's even more devastating.

And I believe that's the cycle that we're on. And at some point, I believe that cycle will have to break, and I believe that stocks are not going to recover. And I believe that that could be this time. I believe that when you look at debt levels being $100 trillion worldwide at the time of the financial crisis, and now more than three times that, it's hard to think that worldwide debt could get to 600 trillion. But again, my crystal ball doesn't work any better than anybody else's.

If you're listening to this program and you're concerned about planning for retirement, then I would urge you to not take more risk than you need to. So, when it comes to stocks, everybody likes to have a really good year in stocks, me included. But as you get closer to retirement, you have to move really from an accumulation strategy, which might include stocks, to more of a distribution strategy to ensure that you have a high probability of receiving your income during retirement.

So, I think proceeding with caution makes sense. I think educating yourself makes a lot of sense. One thing I've learned after being in the financial industry as long as I've been in the financial industry, is that no one caress as much about your money as you do. And that's why I would encourage everyone to get the September report, which is the Autumn Forecast for the Economy and Investing, and you'll get a copy of the Revenue Sourcing book as well as the Social Security maximization book by visiting requestyourreport.com. Again, the website is requestyourreport.com, and the Retirement Lifestyle Advocates site has certainly the podcast version of this program. It has my weekly headline roundup newscast as well as the weekly newsletter. So lots of resources there for people to get another perspective, and a perspective that I believe is going to be really important to have moving ahead.

Jeremy Bolker:

Dennis, I know this could never happen, because politically you'd never get voted in office if you did this. But I think common sense when we're looking at this and look at how much trillions of dollars in debt we're becoming as a country, and even worldwide too, is you'd naturally say, "Okay, well at some point we have to make the hard decisions and stop spending more than what we're taking in."

If let's say we immediately did that, today, we stopped and we just cut whatever we needed to cut in order for that to happen, could we be spared a recession? Or would we naturally go into a recession based on that, but our recovery would probably be quicker because we have mended ourselves?

Dennis Tubbergen:

Well, that's an interesting question, Jeremy. And I think first of all, you're right. Politically, it's not going to happen. But keep in mind, you've got to cut spending by $2 trillion. Professor Kotlikoff, who I mentioned in the first segment of today's program, has done a study. And to close the fiscal gap of the United States, spending would have to be cut across the board more than 40%. Now, he made that calculation before interest rates started to come back up.

Here's the big issue that I believe will lead to us having the come to Jesus moment, the rubber meets the road, whatever term you want to use. I believe that could be happening in the next 12 months or so because of this.

As I discussed on a program a couple of weeks ago, the US government has more than $7 trillion, $7.6 trillion in debt to be exact, that has to be refinanced in the next 12 months. All this debt is coming due at very low interest rates. When it renews, assuming somebody wants to loan the US government money again, the US government's going to go from paying less than 1% on this debt to more than 4%. So, let's just take $7.6 trillion. And to keep the math simple, let's just say that it's about 4% more in interest as a carrying cost. That's $300 billion a year. Take $33 trillion in debt at 4% interest. And Jeremy, there was just a bond auction where the yields were over 4.5%. So 4% is being quite generous here. When you do that, you're looking at more than a $1.3 trillion annual interest expense.

So, we have this ticking time bomb of debt, that really, it can't be solved. I mean, if we were to balance the budget today, I believe we go into a deflationary period, a deep recession or depression. I believe that if we don't balance the budget today, that at some future point, we get there anyway. So, until the debt is dealt with, I don't see this being a robust economy, and I don't see traditional investing markets being robust either.

Jeremy Bolker:

Do you see that tie in? Because in previous programs, we've talked about BRICS and about how they're not necessarily utilizing the US dollar. How much does that have into play too of what's going on right now?

Dennis Tubbergen:

Well, I think that's a really good question. For our listeners maybe that are new listeners or aren't familiar with what's going on, BRICS is an acronym. And it stands for the countries Brazil, Russia, India, China, South Africa. That coalition it's not really set up as an anti-dollar coalition. But in essence, that's what it is as John Rubino said here on the program a couple of weeks ago. They have now admitted Saudi Arabia, United Arab Emirates, and Iran, and three other countries to this coalition. So about half the world's oil production now is part of BRICS. Saudi Arabia just said that they will now accept from Brazil, Brazilian real in payment for the oil that Brazil buys from Saudi Arabia.

Well, it wasn't that long ago that if you wanted to buy oil from Saudi Arabia, you had to have US dollars. That really was an agreement that had been in place since the '70s. When the link between the dollar and gold was eliminated, it took a couple years. And Henry Kissinger and the Treasury Secretary, a man by the last name of Simon as I recall, put together a deal with Saudi Arabia that gave Saudi Arabia military protection, and arms, and lots of really nice benefits in exchange for pricing all their oil in US dollars. So what that did is established a link between the dollar and oil, instead of the dollar and gold. That link is now on the verge of being destroyed. It's certainly been weakened as a result of BRICS.

Now your question is, how does that fit into this? Well, ultimately what we're seeing is the dollar has been devalued to the point, and weaponized to a certain point as well to be fair, that much of the rest of the world does not want to do business exclusively in US dollars. As these US treasuries come due, as I just mentioned, $7.6 trillion are going to come due here in the next 12 months. If they're not sold at a high interest rate, the Fed will be forced to step in my view, and create currency to buy them. So ultimately, I think that adds to the inflation problem here.

So, I see us ultimately economically speaking, getting inflation in things that we have to buy like groceries. We certainly have seen the price of gas go up again. And I think we see deflation in things we own like stocks and real estate. So, I think that is my economic forecast moving ahead. I know I've interviewed a lot of people here on the program that happen to agree with me. And if you're in traditional asset classes like stocks and bonds or the 60/40 portfolio as you talked about, 60% in stocks, 40% in bonds, I think you're setting yourself up for what could be a very, very devastating outcome.

Jeremy Bolker:

Well, it certainly is not something that we're going to be able to solve overnight. But man, it is wild how some of these impacts here can really just go on for a long, long time here, Dennis.

So, I know in some of the upcoming segments... Well first off, again, we want to make sure that you can, requestyourreport.com. You get some great information on September here. And we talked about earlier some of the neat things that you can get there, but as well as resources, retirementlifestyleadvocates.com. Again, retirementlifestyleadvocates.com, you're going to be able to get a lot of that information and resources about the books that are available, and some great resources and perspective to make some of these big financial decisions too.

So, Dennis, in the next segment, I know we're going to probably hit on a little bit more bonds, and maybe even some precious metals, and your outlook for there. And quantitative easing, how will that affect some of those areas as well? So why don't you tune in for that? We'll be back with more right after these words.

And we'll get back to the final segment of the Retirement Lifestyles Radio Show. We are with Dennis Tubbergen. And Dennis, as we got some really interesting insight from you, that last segment, it's hard to tell. And obviously this isn't like the weather or anything where it can be mildly predictable. But it does show some background here about what you should be looking at, as far as what's in your portfolio, and how can you stabilize some things. If a couple of these things come to fruition, what we're talking about, how to stabilize our portfolio, and what to go into. What should we be considering as part of it?

We had mentioned the 60/40, traditional 60% stocks, 40% bonds. But I like to know where you think some of these metals come into play, precious metals come into play. And a number of these other areas that maybe a lot of our investors and our listeners right now aren't as familiar with, to at least lend themselves to be consideration, to have a little bit more feeling of comfort coming into, it could potentially be a little bit wilder of a season here coming up.

Dennis Tubbergen:

Yeah Jeremy, so let's just start... When it comes to metals, let me just provide a little context there if I could. Because as I mentioned, the fiscal

gap of the United States is more than $200 trillion. If you take a look at all tax revenues in the United States, we're looking at, let's just say a little over $4 trillion. Let's just round it up to 5 trillion. It's less than that.

So to put that into terms that are going to be a little bit more understandable for all of us, because it's hard to get your arms around trillions of dollars, let's assume that you have $200,000 in debt, but you have annual income of $5,000. How can you possibly make the debt payments at 4%, when the debt payments are $8,000 in your income's 5,000? That's really the situation in which we find ourselves. So the question is not, can the debt be paid? The question is how will the debt not be paid, if that makes sense? And there's really only two ways.

One, this debt will be defaulted upon. The United States will stand up and say, "We can't pay these Social Security benefits," or," We can't pay these US treasuries. You're just not going to get your money." Or, "We can't pay this for Medicare anymore." I don't know what it is, but I don't expect that will be the outcome.

The other way to deal with this is to create currency and try to paper over the problem. And that now has been the policy which has been intensifying since the time of the financial crisis. I fully expect that that will be the case moving ahead.

Again, there's two outcomes. The government says, "We're not going to pay this," or currency is created to cover it. So, our listeners can easily see that we're not going to stand up and say, "No, we can't do this." We're going to create currency. So that's what I firmly believe will happen. And there are, to be fair, a few of my guests that I've interviewed that disagree with me, so I always like to present a lot of different perspectives here.

So, assuming that happens, then common sense dictates that when you're putting together investments in your portfolio, when you're deciding where to allocate your retirement assets, you need to ask yourself, "What assets do I have in my portfolio that cannot be printed?"

So, think about this for a minute. Stocks are purchased in dollars. Bonds are purchased in dollars. US government bonds aren't backed by anything other than the taxing power of the US government. If you own a corporate bond, at least it's backed by the tangible assets of the company. If you own gold

and silver, that is a real tangible asset. If you own farmland, that is a real tangible asset.

So, one of the mindset shifts that I think is going to be essential moving ahead to not only survive but maybe potentially prosper, is you need to think about getting tangible in some of your portfolio. You need to ask yourself, "What do I have in my portfolio that they can't print or they can't print and buy?" I think that's going to be really key moving ahead here. And one of the best assets I think to consider for part of your portfolio, and let me underline part. You don't want to put everything here. How much you put here is going to depend on your situation, but certainly owning some gold and some silver makes sense.

Now first of all, gold and silver is portable. Gold and silver is easily purchased and easily sold. And gold and silver can't be printed. Now, for our listeners that would like to learn more, we do have a Precious Metals Buyer's Guide that you can order by going to plpmetals.com. That's P as in papa, L as in Lima, P as in Papa, PLP Metals. Just let us know where to mail that Precious Metals Buyer's Guide, and we'll do that. There's some guidance there for you to help you get tangible in your portfolio. So plpmetals.com is that resource.

But I fully expect that we're going to see a bull market moving ahead in gold and silver. And I believe we're going to see a bear market in stocks. And I'll just give you a couple quick examples here to the extent that we have time. This stock bull market has lasted longer, and this is in the report, than any bull market in history, both in time and in percentage gains. So we've had a sevenfold increase in the S&P 500 from 2009 to 2021. A 12 year bull market that was up 700%, that was low to high. The NASDAQ went up 16 fold, 1,600%.

You can go back and look at the bull market that led to the 1929 peak or any of the peaks in the bull market since then. You won't find any bull market that's comparative in terms of duration or percentage gain. Now on the other side of that coin, when you take a look at metals, let's look at gold. The average bull market in gold has seen gold rise between 700 and 800%. This one started at about $1,100. So that would get gold to 7,000 or $8,000 an ounce. And there is the Dow to gold ratio that basically proves that in most long-term timeframes, when stocks go down, gold goes up, and vice versa. And I believe we're on the verge of seeing that again. I don't

think the fundamentals will change. I think that you're going to have to have something tangible in your portfolio if you want to succeed.

And there's lots of stories from Weimar Germany, from hyperinflation in Argentina and Venezuela, from John Law's France in the early 1700s. I've written about them in the books, that really tells us when you study history, that we're at a point now that we really have to look at getting tangible with some of our assets if we want to prosper moving ahead.

So, Jeremy, I know that was a long-winded answer, and I know we're just about out of time here. So let remind any late listeners that if they would like to get the September 2023 special report, it's the Autumn Forecast for the Economy and Investing Markets. They go to requestyourreport.com and request it. When you request a report, you'll get a copy of the Revenue Sourcing book as well as The Little Black Book on Social Security Maximization.

And again, a reminder, the Precious Metals Buyer's Guide is available at PLP Metals. That's Papa, Lima, Papa metals, plpmetals.com. And all of our free resources are available at retirementlifestyleadvocates.com. So, Jeremy, thanks for joining me again on the program. Always fun to talk to you, and we will be back again next week.