

**INFLATION-
PROOF**

**YOUR
PORTFOLIO**

Protect Your Money
from the Coming
Government **Hyperinflation**

DAVID VODA



Inflation-Proof Your Portfolio

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**HOW TO PROTECT YOUR MONEY
FROM THE COMING
GOVERNMENT HYPERINFLATION**

David Voda



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To Pat Allen

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Preface

Like you, I'm worried. In the midst of the worst economic crisis since the Great Depression, the politicians in Washington seem intent on driving the country toward bankruptcy. The current administration's 2011 budget is 50 percent higher than it was just three years ago—and National Public Radio reports there will be at least \$13 trillion in deficits in the next 10 years.^{1, 2}

When President Obama was elected to office in January 2009, the national debt totaled \$10.626 trillion. Now, in August of 2011, the debt has exploded by another \$4 trillion according to CBS News.³

“On average,” reports Zeke Miller of Businessinsider.com, “the national debt increased \$4.247 billion during each day Obama has been in office.”⁴ By 2020, the nonpartisan Congressional Budget Office projects yet another \$8.5 trillion in deficits—creating a national debt that amounts to 90 percent of the entire economy.⁵ Over the next decade, the government plans to borrow almost \$80,000 for each U.S. household.⁶ For every household in America, the government is currently promising to pay future benefits amounting to \$212,500 in Medicare, \$183,400 in Social Security payments, and \$31,200 in military pensions.⁷ In a few years, we will have reached the point where the interest on the national debt will be the largest part of the federal budget—larger than Medicare, larger than Social Security, larger than defense. Even under the rosier predictions, the national debt will soon be over 100 percent of the country's entire gross domestic product. When that point comes, kiss the American dollar goodbye; the end of all that overspending will be devastating inflation, and the middle class of America will (once again) take it on the chin (see Figure P.1.).

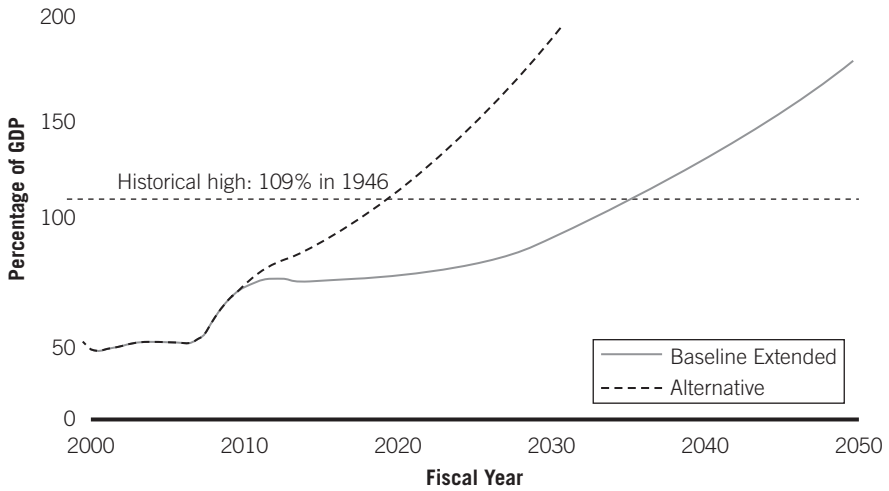


Figure P.1 Debt Held by the Public under the Two Different Social Security, Medicare, and Medicaid Projections

Source: GAO.

As Ronald Reagan remarked, “The nine most terrifying words in the English language are: ‘I’m from the government and I’m here to help.’”

Just by the fact that you’ve invested in a book like this, I know you share my concern and I hope that you will do all you can to oppose the crazy government taxing, borrowing, and spending patterns that are leading to the ruin of the dollar and the coming dollar hyperinflation.

But enough about politics.

What This Book Is (and Isn’t) About

This book is neither an economic treatise nor specific investment advice. It is intended as a resource to help empower you, the citizen, to take action and protect your money from the coming government-induced hyperinflation.

I contend hyperinflation is coming because creating and allowing inflation is the most likely strategy the politicians have for getting us out of the mess they have created. While there is broad

agreement among economists that inflation pressures are growing, there is a wide variety of estimates as to what that inflation rate will be. Whether you are expecting a “mild” degree of inflation, like 5 to 10 percent, a return to 1970s-style inflation of 13 percent, or a total dollar meltdown with inflation running to hundreds or thousands of percent, there are strategies in this book for you to use.

- If you are mildly concerned about inflation, for instance, you might consider shifting some of your dollars out of bank accounts and CDs into stocks and mutual funds (described later) that may prosper during an inflationary period. You can reduce your exposure to changing interest rates by gradually cutting up your credit cards and refinancing your house to a fixed rate, rather than a variable rate, loan.
- If you are a little more wary about the future climate, you probably will also want to stock up on precious metals like gold and silver, and invest in timber, oil, or other resources that are likely to hold their value.
- If you are really worried about the direction of the economy, you can start to plan now to weather a depression-like period. Buying land in the country, moving assets overseas, and stocking up on food and medical supplies all are reasonable moves if things get really bad.

The book is organized around four major principles that will help you protect your money:

Principle 1 states “exchange dollars for real things.” Here you’ll learn about tangible investments that hold their value when paper currencies fail. You’ve probably heard about gold, oil, and real estate—but what about timber? Diamonds? Stamps? Art?

Principle 2 tells us that “future money is cheap money.” In an inflationary environment, how should you handle your mortgage? Credit cards? Student debt?

Principle 3 suggests “diversify out of dollars.” The dollar used to be a house built of bricks; now it’s a house of straw. But is the euro any better? The yuan? And how can you protect government-regulated accounts like your IRA or 401(k)?

Finally, *principle 4* encourages us to “prepare for the worst, but expect the best.” Taxes are almost certain to skyrocket in the coming decade, and in a world with a rapidly disintegrating dollar, it may be prudent to develop useful skills or stock up your country retreat.

Time to Take Action

I’m afraid that the outlook for our country is very gloomy indeed, but that doesn’t mean we need to throw in the towel. In this book, I’ve tried to gather into one place all the different ways a person can begin to “inflation-proof” his or her life savings. No one needs to be a victim of misguided government policies; you can take action now to hold on to what you have and protect your assets from what is almost sure to be a prolonged bout of severe inflation.

Here are just a few of the things you’ll discover in this book:

- Why you are late to the gold party
- Why silver is undervalued
- What coins to have on hand
- Is now the time to make your housing move?
- Is the world running out of oil?
- How to profit from the oil supply chain
- Why you should stay away from palladium
- How to get money to grow on trees
- Why fixed-rate mortgages are your friend
- What to do if your house is in foreclosure
- Why credit cards aren’t worth the plastic they’re printed on
- What currencies should you invest in?
- How to become a foreign farmer
- The threat to your IRA wealth
- When not to convert to a Roth IRA
- How to turn a \$700,000 tax bill into \$10 million tax-free gift

- The warning signs of an imminent currency collapse
- Is the United States the next Greece?
- The lesson of the Russian grandmothers
- Why whisky and pot are your depression friends
- The health care bomb: Why you'd better have that surgery now
- How to maintain your privacy in a Facebook world

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