



# Wealth Creation . . . and Preservation

*Independent, unbiased advice to help Americans prosper*

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## Finding Peace in a Troubled World

I have now completed my 35<sup>th</sup> year as a financial advisor to the American middle class. I'm not ready to quit just yet; there is much more to be done. My clients, and all those who have followed my advice, should be about as well positioned with their savings and investments as possible in these very uncertain times.

For many years I pursued a policy, and believe that it was my job, to maximize my clients' wealth. I have learned that that was never really my job. Instead, it was my responsibility to help to educate my clients about the possibilities and opportunities open to them that might make it possible for them to **do better financially**.

To this end I have published *Wealth Creation and Preservation* for over 21 years. I also wrote my first book, *Moneywise: Your guide to Keeping Ahead of Inflation, Taxes, and the Declining Dollar* as part of my service to my clients to help them to become better educated about personal finance.

Many of you have expressed appreciation for my work, and have recognized some of the differences between me and most of my peers in the financial services industry. For this I am grateful.

Now that I've gotten older (though I still feel very much as if I'm 35) I feel that the most important thing I can do is to help people find happiness, peace, and truth—not necessarily in that order of importance. Can these things be found in our day? My answer is an unequivocal **yes**. These things are not to be found in the pursuit of wealth and power, but they are to be found in our personal pursuit of righteousness, and in our public defense of virtue and correct principles.



## What we are . . . and what we could be

In recent weeks I have been building a video studio in my office. Now that much of the work of moving in and finishing out our new home is complete I am returning to an idea I discussed a couple of years ago in my 4<sup>th</sup> book, *Will You Help Save Your Country?*

In conjunction with the building of the studio I have been reading a particularly good book, *The Revolutionary Constitution* by David Bodenhamer. It's a good book in part because David agrees with me. He succinctly highlights many of the thoughts and ideas I have had over the past six years as I have spoken publicly exactly 99 times about the Constitution. David agrees with me, for example, in my belief that The United States never realized its potential because the American people did not, as many of the Founding Fathers hoped they would, experience a change of heart and both **accept** and **fight to preserve** the blessings of freedom which they had conferred upon themselves.

The United States under our Constitution is even more unique than I realized. No country has ever undertaken to become self-governing in the way we did. Our break with Britain was complete with the surrender of Cornwallis at Yorktown, and yet it took four years for us to codify the principles which were to be the legal basis for "a new nation, conceived in liberty and dedicated to the proposition that all men are created equal." Those are Lincoln's words, of course, but in them he summarized the hopes of the Founders.

Let's not look at the America of today. Let's look back at perhaps the closest realization of the Founder's ideals, a time in the 1820s when

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### In this issue:

What we . . . and what we could be	Cover Story
Happiness	Page 3
Light bulbs	Page 4
Where does all the money go?	Page 4
What's coming next	Page 7
Where should you have your money today?	Page 8

## The AARP America Doesn't Know

"Thanks to just-released emails from the House Energy and Commerce Committee, we now know that AARP worked through 2009-10 as an extension of a Democratic White House, tolling daily to pass a health bill that slashes \$716 billion from Medicare, strips seniors of choice, and sets the stage for rationing. We know that despite AARP's awareness that its seniors overwhelmingly opposed the bill, the "nonpartisan membership organization" chose to serve the president's agenda.

"The 71 pages of emails show an AARP management taking orders from the White House, scripting the president's talking points, working to keep its board "in line", and pledging fealty to "the cause." Seniors deserve to know all of this, as AARP seeks to present itself as neutral in this presidential election."

- Written by Kimberly A. Strassel  
Published in *The Wall Street Journal*  
Sept. 20, 2012

I have written on several occasions during the past thirty years about how AARP is anything but what they represent themselves to be, a non-profit organization designed to benefit seniors. AARP is actually one of the most powerful lobbying organizations in the country, and have helped shape much of the terrible legislation regarding taxation and retirement that we face today.

AARP takes your membership dues and uses them to line their own pockets and buy your Congressmen and Senators. They are also a very profitable insurance company, many of whose products are not competitive in the free market.†

the debate between Federalism and state sovereignty and popular sovereignty was still in progress. America had tremendous potential in its lands and resources. It also faced terrible problems, the solution to which would determine "whether any nation so conceived, and so dedicated can long endure."

What distinguishes the 1820s from today, among other things, is that Americans wanted their experiment in liberty to succeed. They knew they were engaged in a work unprecedented in human history. They acknowledged the hand of God in the affairs of men that had brought them victory in a war with the greatest military force on earth, and had brought together men of character and principle who had hammered out compromise after compromise so that liberty would not be stillborn and America made a laughingstock to the rest of the world.

However, Americans failed to take the necessary next step. That step, the most important of all, was to become literally a covenant people who would exercise faith in God and would be men and women of character and integrity who would live worthy of the blessings they sought.

Sure, we talked about liberty and freedom, but most Americans were unprepared to be self-governing citizens. The Industrial Revolution was just beginning and America was not yet bordered by two oceans. Though George Washington stressed the importance of educating our youth in the science of government, it did not happen. In fact, the Founders wisely left the responsibility for education to parents and communities. When public schooling sprang up all over the country the focus was on religious faith, standing by principle, leading upright and moral lives, and some of the basic skills including literacy and numeracy. That was good as far as it went, but it was not enough.

Of course, an American who went to college could hardly find a college that had not begun its existence as a theological seminary - Harvard, Princeton, and Yale come to mind.

What was missing? Children may have been raised to be self-governing, but they were not raised to maintain a nation-state. *Self-governance* and *responsible citizenship* are two very different things. We allowed our leaders to toss economic benefits our way, and we aligned into political parties so that we wouldn't have to think about who we were going to vote for.

With so much economic opportunity all around it is little wonder that so many Americans were willing to "let someone else" govern them. We got busy conquering a continent and becoming wealthy while government commenced to seize more power exactly as the Constitution had been established to prevent it.

That was not the end of the story, however. Yes, we failed to be responsible and informed citizens. However, a few decades later Karl Marx began to have his enormous impact upon the world, and though Communism was initially rejected in the United States it began to thrive in the mutated form known as Progressivism.

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Progressivism took advantage of the ignorance of the people, pandered to their basest desires, created a previously nonexistent class struggle and numerous other “straw men,” and then proclaimed itself as possessing the solutions to all our problems. This was an empty promise, for Progressivism held no useful answers at all. We adopted it nonetheless, and surrendered our freedom, our liberty, our morals, our independence, and much more throughout the 20<sup>th</sup> century and right up to today.

I have spoken of slavery in America today, and I remain one of a very few people who keep bringing it up. Progressivism has introduced all of these false concepts and substitutions:

1. There is no truth, no eternal principles, and no God.
2. Laws and rights originate with government, not with God. How could they, since there is no God?
3. Human rights (created by government) have been substituted for natural rights (given of God).
4. Most Americans today are slaves of one type or another. About half of us are tax slaves, and our hard-earned income is stolen from us at the point of a gun so that it can buy the votes of others. The other half of us are welfare slaves, trapped in a web of dependence and hopelessness from which very few ever escape.
5. The past has no relevance. All that counts is today and the wonderful world that will exist tomorrow because we, the Progressives, have created it. All we need to do is throw more [of your] money at the problems and they will be solved.
6. Marx’s version of Utopia - the worker’s paradise - is within our grasp.
7. Government has the solution to all the world’s problems.
8. Nations must be eliminated and sublimated to the one-world government, run by those of the elite who only are fit to rule.

Do you know what is wrong with each of the statements above? Most Americans don’t.

The huge success of Progressivism has made it almost impossible for freedom to exist. The Progressives have no plan and no solutions; they merely identify “problems” and set about solving them. When there are not enough problems to solve, they invent new ones. Because they are working so hard to fix the world it would be churlish of us to challenge them or their motives.

## Happiness

What has all of this to do with happiness and its pursuit? Everything. Let’s go back to the framing and ratification of the Constitution. Many of the Founders believed that they had literally set the stage for a government and a nation without equal and without precedent in all of human history - and they were correct. If the American people had followed their lead we would have fulfilled our potential as Americans and as children of God. We would have created that “city on a hill,” a light unto all nations indicating that here was the great bastion of liberty, the one place on earth where the huddled masses could breath free. (That’s Emma Lazarus, of course).

Well, what does that mean? It means that we would not only have enjoyed “life, liberty and the pursuit of happiness;” by controlling and channeling our energies in a cause greater than each of us we would have built a society of

## From Mark Nestmann, Laissez-Faire Letter:

“The Fed will never significantly raise rates, at least not in my lifetime. It can’t. The consequences would simply be too dire... and not just to the domestic economy.

“The reason the Fed won’t raise interest rates has nothing to do with economic growth or the lack thereof. No, the Fed won’t do so because a national Treasury with an \$18 trillion debt and unfunded liabilities exceeding \$200 trillion simply can’t afford to make much higher interest payments.

“If this average interest rate were to rise to just 1%, interest payments on the debt would increase by a staggering \$180 billion. And if interest rates were to return to their historical average of around 5%, U.S. taxpayers would need to cough up nearly \$900 billion in additional taxes each year to pay the tab.

“It’s easy to assume that the reason interest rates have remained so low is that the Fed really, sincerely, wants to keep the U.S. economy afloat. It’s also easy to conclude that the reason investors haven’t forced the Fed to increase rates by not purchasing its debt is because the U.S. is such a fantastic credit risk. But the fact is, at the same time the federal deficit has been soaring, the Fed has done what central banks so frequently do: create money out of thin air. It has then taken that “funny money” and purchased a big chunk of federal debt on its own books.

“The long-term implications of this policy are grim for anyone seeking a safe retirement. If you’re planning to retire anytime soon and are hoping to earn more than 1-2% in a “safe” portfolio of bonds... think again. If you think your pension with guaranteed payments is secure... think again. Chances are it won’t be able to generate enough income to meet its obligations.

“Fortunately, there are alternatives, but you won’t find most of them in the U.S. I’m earning 3% in U.S. dollars in a CD held at a very liquid, well-capitalized bank in Panama, for instance. I own AAA-rated bonds denominated in New Zealand dollars that pay about 4%. I also own a lot of precious metals, because even if the Fed manages to keep interest rates at their current level, the federal debt will continue to metastasize. There really is no turning back, and when the global monetary system eventually collapses, gold will be the only viable alternative...”

## Light bulbs

More than a year ago I wrote about the terrible decision our government had foisted upon us be banning most incandescent light bulbs over a period of several years. This was a terrible decision because at the time the only alternative to incandescent were fluorescent bulbs and the coiled “mini-fluorescent” bulbs. Both contain mercury gas and are dangerous. Both must legally be turned in when they break or burn out to a hazardous waste facility.

Just as important, the vast majority of these fluorescent bulbs at that time gave off a very unpleasant light, suitable mostly for Wal-Mart and offices. The color temperature was simply too “cool”, or too bluish to provide the friendly warmth of incandescent bulbs (pun intended).

Times have changed. LED technology has advanced rapidly. In fact, the inventor of blue LEDs recently won the Nobel Prize for his particular contribution (who would have thought?).

Today, several years into the ban, we now have a wide variety of LED bulbs and a new group of [relatively] safer fluorescent bulbs that meet many of the purposes served by the ubiquitous incandescent bulbs. True, the LED bulbs are significantly more expensive than incandescents, but they last much longer, run without heat, and cost much less to operate.

Now, it was still a terrible idea for the government to initiate and enforce the ban. But at least now we have viable alternatives.

informed, decent, moral, God-fearing people endowed with charity and compassion, people willing and ready to share their bounty with others.

We would have lifted the world as men and women pursued righteous goals of their own free will while utilizing their own resources.

We would have captured the attention of the entire world as we fully exercised the gift of being “endowed by our Creator with certain unalienable rights.” The history of the world would have taken a turn without precedent as we set an example for all to admire and follow. America would lead by virtue of its enduring principles rather than its military might and wrongheaded meddling in the affairs of others.

Why didn't it happen? From what I have read it seems that “we” were not ready to change our lives and become virtuous people. Sure, we wanted the blessings of liberty, but we didn't make any particular commitment to enable and preserve it. We talked about our greatness while we took it for granted. In other words, we proved ourselves to be mortal men and women rather than angels.

Should the Founders have expected this outcome? They could and they did. The Founders bequeathed to us an open road to *pursue* life, liberty, and happiness, but they were wise enough not to guarantee any of those things.

Next question: can America find itself and its greatness? Can we become the moral and upright people which are absolutely essential for the proper functioning of our constitutional republic?

I believe the *possibility* has always existed. In my youth I actually thought it imminent. After all, we had the resources. We had achieved universal literacy, we had faith in God, and we could distinguish right and wrong. Why didn't we do it?

It seems that what was always lacking were two key elements:

1. Leadership at all levels of government by persons who exemplified integrity, courage, morality, and good character. America was established

to be ruled dispassionately by people who knew what it meant to take an oath, not people seeking for wealth and power.

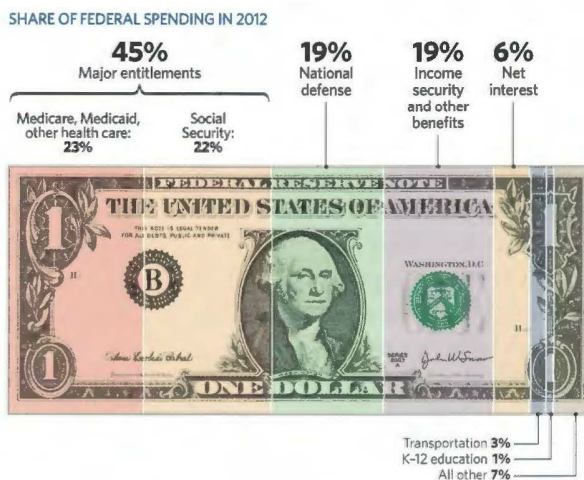
2. Universal education that stressed the importance of responsible citizenship *and* self-governance. We had some of that in the days of the McGuffey's Readers, but we allowed the Progressives to change all that.

History shows us that Americans chose to go in the opposite direction. That trend has greatly accelerated in our lifetimes as God and religion (except for Islam, the “religion of intolerance”) have been cast aside in the pursuit of sexual freedom, human rights, and the welfare state.

Please take a look at the excerpt from Charles Chaput's speech at BYU on Page 7. He makes a very important point about the importance of “mediating institutions” like the family, churches, and fraternal organizations.

## Where Does All the Money Go?

In 2012, the major entitlement programs—Social Security, Medicare, Medicaid, and other health care—consumed 45 percent of all federal spending. These programs and interest on the debt are on track to consume an even greater share of spending in future years, while the portion of federal spending dedicated to other national priorities will decline.



Source: Office of Management and Budget. Note: Income security and other benefits includes federal employee retirement and disability, unemployment compensation, veterans benefits, food and housing assistance, and other federal income security programs.

Cut Spending Chart 1 • Federal Budget in Pictures 2014 heritage.org

Want to learn more about the federal budget? See this chart and many others at [heritage.org/federalbudget](http://heritage.org/federalbudget).

## The bottom line

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My experience in mortality clearly indicates that there is a God who knows and loves His children. This means that our lives have a purpose. The most important thing we can do in this life is to find that purpose and fulfill it.

The actions of government cannot change the existence or the nature of God. Neither can government legislate immorality and call it morality. The family is the primary and most important unit of society whether government attempts to destroy it or not.

God's children - all of us - have our agency, the freedom to choose. What that means is that we are free to choose the right; if we do not we must face the consequences. We cannot change the definitions of words to suit our purposes; we cannot legislate God out of existence. The fact that we attempt to do these things every single day may condemn us, but it does not in any way change God.

My choice has been to live the best life I possibly could, a life of faith, obedience, and service. I have tried to identify and magnify whatever talents and abilities I may possess. I have pursued education and lifelong learning as part of a personal search for truth. Have I achieved "perfection?" Of course not. Making the effort is what counts.

For me, this has been a life worth living. As is the case with all of us, life has its ups and downs, its joys and its misfortunes. I believe that life is a test, and that each of us is tested in accordance with what we need to experience to fulfill our potential.

I once naively hoped that all Americans would live upright, moral lives. I now understand that each of us has different motivations and experiences that shape us and our character. We are also subject to all sorts of influences, some of which lead us away from truth and light.

I return to my original question: can we become the moral and upright people which are absolutely essential for the proper functioning of our constitutional republic? The answer is plain: we become what we are *expected* to become. If our experience in life is uplifting, if those around us are kind, charitable, honest, and decent, we are more likely to become like them. On the other hand, if we are surrounded with influences that try to bring us down, people who call evil good and good evil, people whose lives are corrupt and degraded, we tend to become like them.

Yes, America could have become the "city on a hill." It still can. What we must do is to examine our own lives and make plans to become better than we are today; better husbands and wives, better fathers and mothers, better citizens of our great Republic.

Our constitutional republic will become a reality when you and I begin to do our part and exemplify courage, morality, and responsible citizenship, and when we defend those virtues in the public arena. That's what The 4<sup>th</sup> Branch is all about. I hope to initiate a series of videos that will discuss these things and stimulate interest in doing what must be done to make this country great once more.

## The trouble with banks

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I have been thinking about the role banks play in our lives these days. On the one hand, banks still offer the same services they have offered for

## from The Sovereign Man:

"In October 1925, English mathematician Karl Pearson began publishing a multipart series of groundbreaking articles in the *Annals of Human Eugenics*.

The series was entitled, "The Problem of Alien Immigration into Great Britain, Illustrated by an Examination of Russian and Polish Jewish Children," and it went on for hundreds of pages over several years.

Pearson's article focused on "whether the intelligence of the alien Jewish children is closely correlated with their defective physique. . ." and concluded, among many other things, that "Jewish girls have less intelligence than Gentile girls. . ."

Unbelievable.

Pearson was considered a well-respected scientist. Yet his entire career is full of such work analyzing the various races and making 'scientific' claims about their deficiencies to the point that he openly advocated for "war with inferior races."

He wasn't alone. Some of the leading scientists in the world from the 18<sup>th</sup> through the early 20<sup>th</sup> century dedicated their careers to such nonsense.

Dr. Samuel Morton's book *Crania Americana*, for example, is a nearly 500-page phrenology tome which makes all sorts of bizarre assertions of various races based on the measurements of their skulls. This is what passed as science back then.

And even senior policy makers (including the likes of Winston Churchill) believed in the findings. After all, the 'scientists' said it was true, and they had a bunch of fancy equations, data, and mathematical models to back it all up. Today, it's revolting to think that anyone could have possibly believed such garbage.

But at some point in the future, people are going to say the same thing about us. Only this time, instead of eugenics and phrenology, our faux pseudo-science is economics.

Case in point—the US Federal Reserve recently published a paper entitled, "When Does a Central Bank's Balance Sheet Require Fiscal Support?"

Translation: how bad do things have to get at the Fed before they need to be bailed out by the federal government?

(Continued on next page)

Remember that the Federal Reserve is ultimately the issuer of the United States dollar. In fact, you'll notice when you look at your 'money' it says 'Federal Reserve Note' on the face. And over the last several years, the Fed has engaged in the most extraordinary program of expanding its balance sheet.

They've essentially conjured new dollars (notes) out of thin air and given them to banks in exchange for all the toxic assets that blew up in 2008, along with trillions of dollars worth of US government debt. What remains for the Fed—the bank's "net worth"—is razor thin. At this point it's less than 1.3% of its total assets. This is a laughably tiny margin of safety.

It means that if the value of the trillions of dollars worth of assets that the Fed is holding happens to fall by just 1.3%, then the Fed will be bankrupt.

1.3% is nothing. Most people's investment portfolios go up and down more than that in a single day.

Jamie Dimon (CEO of JP Morgan) pointed out that Treasury yields moved 40 basis points in a single day last October. So, yes, this absolutely can happen. But the Fed isn't worried.

In its latest paper, they say that while it is \*possible\* that their net worth could become negative, such a phenomenon would be "temporary and would not create serious problems." What a convenient assumption.

In other words, the issuing authority of the United States dollar and one of the largest financial institutions in the world thinks it's no big deal if it goes broke.

How can they possibly justify such madness? Simple. They have pages and pages of complex mathematical models and differential equations to back it up.

Funny thing, Karl Pearson and his colleagues had complex mathematical models too. And influential policymakers believed Pearson's dubious theories, in many cases actually waging war against 'inferior races'.

Today's policymakers believe modern economic pseudoscience as well, and they actually are implementing the ideas... like printing your way to prosperity. These are the people who have control over your savings. Your investment returns. Your livelihood.

We're supposed to trust that they're good guys. That they're smart, responsible stewards of the financial system. And yet they think it's perfectly fine if the issuing authority of the United States dollar is bankrupt.

This is total insanity. If you don't have one already, it's time to come up with a "financial plan B" that distances your savings and livelihood from such dangerous thinking.

decades; checking accounts, savings accounts, Certificates of Deposit, IRAs, auto loans, home loans, and other loans to individuals and businesses. If they are affiliated with an insurance company or brokerage firm they may also offer financial services including stocks, bonds, mutual funds, and annuities.

Today, *most banks do none of these things well*. They have the appearance of solidity and safety, but their products and services all carry a degree of risk we haven't seen since the creation of the FDIC.

For example, *keeping money in a bank today is a guaranteed way to lose money*. The minuscule interest the banks pay doesn't begin to keep up with inflation, especially after you pay taxes on your interest. If they try to cross-sell you into a financial product like a **mutual fund**, you are paying a high commission to buy an investment at or close to its all-time high in a market with enormous, unprecedented risk. If they offer an **annuity**, the annuity they offer carries a low interest rate only slightly better than the rate their CDs are paying. Such products are not worth subjecting yourself to a potential surrender charge. I speak from experience, having worked with banks, insurance companies, and brokerage firms for many years.

On the other hand, banks today are closer to casinos or hedge funds than they are traditional banks. That is because the bank lobby has gotten legislation passed that greatly favors them both in their reserve requirements and in their ability to buy the most dangerous investments ever created, the derivatives we hear so little about these days.

You may not realize this, but on at least three occasions in the past 40 years the world financial system has been brought to the brink of collapse by the big banks. I have discussed this in these pages, and I bring it up again because the latest statistics I can find indicate that our government has not only failed to rein in the profligate and foolish use of these toxic products, but they actually *encourage* their use. The result is that banks and other financial institutions now own so much of these derivatives that when the next crisis comes **all the money in the world will not be enough to bail out the banks**.

To cope with the problem our government has greatly changed the protections on our money. The FDIC still exists, of course, but its bailout fund has been gutted and the FDIC itself is nominally bankrupt, depending on how you look at the books. Worse, our government has made it clear that bank customers like you and me are no longer depositors of the bank; we are creditors. When you open a savings account or a CD you are loaning your money to the bank. When the bank goes into crisis because of their terribly foolish investment practices your money can disappear, and the FDIC will not be there to bail you out. Think of Cyprus, and the article from the Boston Consulting Group I cited in these pages several issues back.

The same problem exists in institutions like the PBGC, the Pension Benefit Guarantee Corporation. Our government is in such desperate shape that these organizations, established and charged with protecting the assets of various funds and trusts, now have little or no reserves for that purpose. Instead, *the burden will be borne by the taxpayers* - that's you and me.

Social Security, Medicare, Medicaid, ObamaCare, welfare, and the more than 2,000 federal giveaway programs are all funded by the taxpayers and by government borrowing. Do you wonder why the economy has stalled? Maybe it's because Americans are taxed to death. Businesses can't afford to hire because employees are terribly expensive.

Why, then, would you ever be a bank customer? The answer is simple; we need a place to put our money and we need a checking account. In this upside-down world of ours you are still better off owning a money market fund investing solely in U.S. Government Securities than you are having a bank checking account. You are also better off working with an insurance company like Allianz than with a bank for your longer-term savings and retirement money.

I keep two checking accounts at BB&T, our regional bank. I keep a minimal amount in each to cover regular expenses. I keep a couple of small savings accounts with Discover Bank and Capital One (formerly ING). For the rest of my money, I practice what I preach; cash in the safe, silver coins in the safe, Allianz and other top-notch annuities, and my Canadian bank account. Canada has not made most of the foolhardy decisions we have made and has not allowed their banks to run wild with derivatives, and that makes Canadian banks generally much safer than American banks.

Using this approach, the biggest single risk I face is the possibility of a severe decline in the price of silver, like the one we just experienced when silver fell from \$50 per ounce to under \$16 an ounce over the past three years. Silver is a huge bargain today; if you have some you should buy some more. If you have none you should start buying it immediately. Please take a look at my Silver and Currencies program (see insert).

Bottom line: beware of banks!

### What's coming next

My crystal ball is not very helpful at present. The stock and bond markets seem to be stabilizing and gradually moving higher from their all-time highs. If there were economic realities behind these movements I would be thrilled. However, that is not the case. I have no confidence in the ability of our leaders or the Federal Reserve to make intelligent, appropriate decisions regarding our future. Just look at the Fed's creation of trillions of dollars out of thin air to paper over the enormous deficit, or the Senate's willingness to allow Iran to continue to do whatever they want to develop a nuclear arsenal.

What I need to warn people about is that everything we see today is artificial (or, as I discussed in the previous issue, *virtual*). There is no truth to it, but there are consequences. We cannot defy the law of gravity with impunity, nor can we ignore economic and political certainties by kicking the can down the road.

We are setting the stage for the next crisis or crises, which will most likely come about by means of one or more "black swan" events. It's easy to see that we are making bad decisions at all levels of government, and that the trend is for much more government at much greater cost, with the corresponding loss of much of our freedom and most of our income.

It is for these reasons that I have laid out my rather unique strategy, of which the details have changed little in the past several years. My approach is *defensive* rather than aggressive, speculative, or traditional. I want you to preserve and protect what you have and make it grow in real terms .

## The Great Charter and the Limits of Power

Charles J. Chaput, archbishop of Philadelphia

“. . . Our political system presumes a civil society that pre-exists the state. It's an idea that is already emerging in Magna Carta's demand for recognition of the rights of the church and the rights of persons. In the American model, the state is meant to be modest in scope, constrained by checks and balances. Mediating institutions like the family, churches, and fraternal organizations stand between the individual and the state. And when they decline, the state fills the vacuum they leave. So protecting these mediating institutions is vital to our freedoms. Alone, individuals have little power. But organized communities - including communities of faith - are a different matter. They can resist. They can't be ignored.

“We need to remember that democracy is not an end in itself. Majority opinion doesn't determine what is good and true. Like every other form of power, democracy can become a means of repression and idolatry. When we divorce our politics from a grounding in virtue and truth, we transform our country from a living moral organism into a kind of golem of legal machinery without a soul. . .

“As the Founders knew, and we forget at our peril, the American project of ordered liberty can't work without the support of a moral people - a people formed by a living faith in a loving God. Religion is to democracy as a bridle is to a horse. And *only* religious faith can guide and moderate democracy because it appeals to an Authority higher than democracy itself.

“Winston Churchill once said that ‘We live in a time of great events and little men.’ If that's true, it's because men have forgotten the meaning and nobility of being human. God made us to be better than that. God made us to be more than that. As believers we're called to mirror the glory, the justice, and the love of God to the world, with the greatness of soul he placed into each of us.

“And that's a life worth living—in any century.”

For the entire speech visit [more.byu.edu/chaput](http://more.byu.edu/chaput).



## Where should you have your money today?

The stock and bond markets are at all-time highs, something that by definition should never happen. The reason why they are peaking simultaneously has everything to do with the manipulation and interference of the government and especially the Federal Reserve. I do not believe that either market will collapse or begin to collapse at any particular moment in the future; however, I believe that both positions are unsustainable.

My recommendations (for my clients) and my suggestions (for my readers and subscribers) have not changed much:

1. Food Storage and family preparedness. This involves storing perhaps a year's supply of food and other essentials. Store energy if you can, but be sure to handle it safely. I like a home with its own well and septic system because it usually is off the natural gas line as well.

2. Your safe at home. There is an article under *Special Reports* on my [www.cwkmba.com](http://www.cwkmba.com) website that discusses what you should have. Don't buy a safe at Staples or Office Depot; they are lightweight and generally of inferior quality. Also, never buy a safe with an electronic lock.

3. Keep a supply of **\$20 and \$50 bills** in your high-quality safe at home, hidden somewhere in a secure place. Never save \$100 bills, for reasons I have explained in past issues of *Wealth Creation and Preservation*.

How much should you put away in your safe? I would suggest a minimum of \$1,000 or one month's expenses, whichever is more.

4. **Silver** in your safe at home. Since 1993. I have recommended that you keep \$1,000 face value of pre-1965 US dimes, quarters, and half dollars for each member of the family living at home. This is your core position, and these coins are the ones you will spend when the dollar collapses.

5. **Canadian dollars** in a bank account in Canada. The Canadian dollar has been in decline against the U.S. Dollar for months now, falling from a recent high of \$.95 to its current level of \$.87. This is probably a god time to accumulate Canadian dollars.

6. **Fixed Index Annuities**. Just about the only FIA I am currently offering a my clients is the Allianz *Signature 7*, a minimum seven-year contract that offers you the opportunity to make up to 15% per year in the S&P 500.

7. Retirement accounts. Americans continue to add to and accumulate money in their retirement accounts. And why not? We all know that Social Security is not going to pay is enough when we are retired, and we want to have the ability to take care of ourselves in our later years. However, in highly regulated, Progressive America, your retirement accounts are very much at risk for reasons I have discussed at length in these pages and in a Special Report available at [www.cwkmba.com](http://www.cwkmba.com).

It is my privilege to serve you and to help you to do better financially. As always, please call or email me if you have any questions.

With my best wishes,

*Charles W. Kraut*

## Canadian Western Bank and Royal Bank of Canada

It is past time to begin moving some of your assets out of the United States.

I continue to recommend Canadian Western Bank (CWB), whose interest rates are slightly higher than those of Royal Bank of Canada (RBC). RBC will rent you a safety deposit box, but CWB will not.

Now is as good a time as any to be opening or adding to your Canadian account(s). The Canadian dollar rallied recently from its low around \$0.78, but is still quite inexpensive. I believe this is a good buying opportunity.

Remember, you must appear in person to open your account, and you now need a passport to go to Canada.



*“Our Constitution was made only for a moral and religious people. It is wholly inadequate to the government of any other.”*

John Adams, 2<sup>nd</sup> President of the United States