Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Dennis Tubbergen
Retirement Lifestyle Advocates

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Produced by:

Retirement Lifestyle Advocates
961 Four Mile Road, NW
Grand Rapids, MI 49544

Phone: (866) 921-3613
Email: info@plplanners.com
Website: www.RetirementLifestyleAdvocates.com

Jeremy:

We would like to welcome you into the Retirement Lifestyle Advocates Radio Show. If you're hearing a little bit of a different voice, I am Jeremy Bolker and I'm going to be speaking with and introducing our host. He has written eight books on consumer finance. Four of those have been bestsellers. Now, yeah, I often hear him and you're going to be hearing a lot more of his voice here today to fill us in on some great information as we talk about this world of finance and all those different things going on. But he has been a host of RLA radio for many years, and of course, a frequent keynote speaker on numerous different financial topics. We want to welcome Dennis Tubbergen on this wonderful weekend. Dennis, how are you?

Dennis:

Jeremy, I am great and appreciate you joining us on the program today. We go way back, and it's a pleasure to have you in on the program so we can have a conversation.

Jeremy:

Well, we do. And just being a big fan of yours for many years about how you break things down. I think what's so neat about your approach is that you try to give your clients and our listeners here tuning in, an explanation behind the headline news. So you might hear something about inflation is up here or this is that, but okay, what's some of the background behind it and how it got to be that situation?

And then you can actually sort of figure out by yourself too, you can see where things are going as well. So, it's a very interesting approach. It's not just, "Hey, you should dump your money over here. Hey, you should invest over here or there," but you give the reasons why. And Dennis, as you know, I mean you're really sort of a historian as well, because without knowing a lot of things that have happened in different countries and through the whole mankind of currencies and that too, we could very easily repeat many mistakes in the past.

Dennis:

Well, I think Jeremy, the premise of, particularly The Revenue Sourcing Book and the Retirement Roadmap Book, which are the last two books that I did, are that one, as Mark Twain said, "History might not repeat itself, but it often rhymes." And that's very true. Humans tend to react similarly in the same type of situations historically. And even more predictable is the behavior of groups of politicians collectively.

So, a lot of what we're seeing going on today in the economy with inflation that I believe is going to inevitably morph into deflation, as Thomas Jefferson warned, is extremely predictable because this is not the first time that politicians or policymakers have created currency out of thin air, historically. And every time it's happened in the past, the outcome has been very similar. Going back to history often rhymes. So, it's very instructive to go back and take a look at what's happened historically and then apply that to where we are today.

So, I often say the what, meaning where we're headed, is easy to predict. The when is a little bit more difficult. But I have every confidence that when we study history, whenever there's currency creation, it's because there are debt excesses, and we get inflation followed by deflation every time. And the basic rules of economics have not changed. So, my goal in doing this program and getting the message out is to help those people out there that aspire to a comfortable, stress-free retirement, recognize these historical patterns, realize that where we're going is very predictable and where we're going is not going to be, in my opinion, normal, based on what's happened over the past 40 years. If you consider that to be normal, then where we're going now is not going to be normal.

Jeremy:

And I'll tell you what, that is becoming a more and more difficult thing to have a stress-free retirement. When you see these things going on, and a number of these factors that we are going to talk about today, but in future programs, and you have for many years, but when you look at your retirement and you see what's happening, but there's some things that are almost inevitable that you cannot stop from happening, and you see it, and it's going, "Wow, what can we do?" Because that can really cause a lot of worry and stress, and you built up this money for a lifetime of earning, and then you see politicians making certain moves going, "You know what? This is going to drive prices up. And all of a sudden, my $500,000 that I have sitting in this one particular account really only seems like it's worth like 300," because it just doesn't have the spending power because of all this currency creation. So there's a number of things for people to be concerned with and what they can do about it to try to ease even some of that stress.

Dennis:

Well, and Jeremy, I think that the first thing that we should talk about today, just to kind of provide some context for some of the things going on around the world, some of the news items we're going to talk about, is that many people think about the money they have in their 401K. They think about the US dollars they have in their IRA, and they think they have assets.

I'm here to tell you that the dollars you have saved are not assets. The dollars you have saved are debt. That's a really hard concept to get your head around. But if you go all the way back in history to 1971, at the beginning of 1971, at the beginning of the year, US dollars were redeemable for gold at a rate of $35 an ounce. So, at that time, the way to think about a US dollar is that the US dollar was actually a claim check.

If you had 35 US dollars, it was a claim check to get an ounce of gold. And anybody in the world that held US dollars for whatever reason would be able to go and take their US dollars, their paper claim checks, and exchange it for gold. Well, in August of that year, August 15 to be exact, then President Richard Nixon changed the rules. He said, "We're going to temporarily suspend the redemption of US dollars for gold." Now, if you look at what happened behind the scenes, the US was really running short on gold. Now the reality is Fort Knox has not been audited since 1953. So, we purport to have a little over 8,000 tons of gold. But if you go back to 1944, when this dollar for gold system was established, about the time World War II was winding down, the US had over 20,000 tons of gold.

So, when Nixon temporarily suspended those redemptions, we were down to 8,000 tons of gold. There was a run on the bank. And the reason was, foreign investors said, "I don't want these paper US dollars. I would rather have the gold." And Nixon saw that we were going to run out of gold because we'd simply printed too many US dollars. And since that time, the US dollar has been loaned into existence. The Federal Reserve, which is a private group of bankers, controls US monetary policy, and banks have right now a 10% minimum reserve requirement. So, if I go put a hundred thousand dollars in my bank account and buy a CD that's got finally more of a normal yield, my banker has to reserve at least $10,000. They can reserve more, but they have to reserve at least 10%, and the balance can be loaned out.

Well, when interest rates are down and money moves from bank to bank to bank, as people borrow and borrow and borrow, it increases the currency supply. Well, after the financial crisis in 2008, interest rates were dropped to zero and the currency supply did not start to expand. The reason is that debt worldwide was a hundred trillion dollars, if you can get your head around that.

Jeremy:

No.

Dennis:

Since that time, to finish that thought, central banks around the world have been creating currency and as a result, and to prove to all our listeners that currency is now debt, worldwide, debt is now 305 trillion. So, the problem has gotten three times as bad, three times more intense, and we're still going to have to deal with the debt. So that's where we're going to have deflation. Because, simple math, I grew up in the era of flashcards. So simple math tells you that 305 trillion can't be paid through honest means.

So, what does that mean? It's not going to be paid, and currency will disappear from the financial system because currency is debt. As debt goes unpaid, currency disappears, and we get deflation. The end result of deflation is stock prices fall and real estate prices fall. And I believe we're seeing the beginning of that process now. And that's why I offer listeners an opportunity to get a free special report. The special report we're offering for the last time this week is Cash Strategies. And when you request the report, you'll also get a copy of The Revenue Sourcing Book that contains strategies for the current economy. You can go to RequestYourReport.com, RequestYourReport.com, and let us know where to mail that information and we will do so free and without any further obligation.

Jeremy:

Excellent. And so, it, as well too, there is an opportunity for that precious metals buyer's guide as well, Dennis?

Dennis:

Yeah, I mean the question here is as the recession kicks in and all this talk about a soft landing, that we're going to avoid recession, there's a lot of particularly Fed people saying that that's going to happen. There are a few pundits saying that. I don't think there's a prayer. I mean, I think we're going to see a recession. I think we're going to see a deep recession. And I believe the Fed will once again reverse course and go back to easy money policies that will likely create more inflation. So should the Fed do that, certainly having some precious metals in your portfolio for a lot of people can be something that you should consider. So you can go to PLP Metals, that's P as in Papa, L as in Lima, P as in papa, PLPmetals.com, and there's a free precious metals buyer's guide that you can request there.

Jeremy:

And that gives you something a little bit more tangible as well when we're talking about this whole currency exchange. Dennis, in our upcoming segments, unless we can address it now too. You touched on deflation, and I

know there's some stories in your blog, which is very interesting, and you're going to have to tell people how to find your blog to sign up and where you find that. But this concept of deflation is still a little bit foreign, I think, to a number of people because I think we all understand inflation. We've seen it talked about. But the media does not talk much about deflation, and I'm just wondering if you might be able to illustrate that a little more. You touched on it, but inflation, obviously you have to pay more for the same amount, but deflation is a little bit different.

Dennis:

So, I mean, technically speaking, the definitions are pretty straightforward. Inflation is an expansion of the currency supply. Deflation is a contraction of the currency supply. One of the symptoms of inflation is rising consumer prices, and one of the symptoms of deflation is falling consumer prices, or certainly falling values in things we own like stocks and real estate. So, whenever you see, historically speaking, inflation that comes about because of currency creation, it always morphs into deflation because the reason currencies are created to start with is there's too much debt to be paid with honest money.

So, for a while, currency creation creates this prosperity illusion. It seems like everything's going along great, real estate prices are going through the roof, stock prices are going through the roof. It seems like everything is great, and then all of a sudden it reverses because behind the scenes debt continues to build, and eventually you have to deal with the debt. And currency creation does not do anything to reduce the levels of debt that exist both in the private sector, and certainly public sector debt now is a big issue as well.

Jeremy:

And this is, you address this in the blog, and I don't want to jump too far ahead if you wanted to discuss this later too, Dennis, but big in the news this week is the idea of student loans. And those are not going to be forgiven, as I know that have been talked about. I can't tell you how many times that was in the news that I thought it was going to be forgiven, but then from my understanding, the Supreme Court ruled we can't quite do that. The Biden administration cannot do that. And so now you're going to have a lot of students having to start paying their bills starting in October, and there's concern that the economy will slow down because of that. They'll be losing that spend.

Dennis:

Yeah, I mean we can talk about that in the next segment here in more detail, but that will be almost a $200 billion per year headwind to the US economy. So, the US economy is more than 70% dependent on consumer spending. So, when consumers stop spending, the US economy is in bad shape. Well, these students now that haven't had to make student loan payments for three years are going to have to start in October, and that's going to take $200 billion a year in discretionary income out of the economy. And that's an economy that is very dependent on consumer spending. And in the next segment, I'd be very glad to share with you what some of the leading CEOs and CFOs in the retail industry are saying about this.

Jeremy:

Well, with that in mind, Dennis, we want to probably cut to a break here shortly, and let's talk about that because that is very interesting how it's going to affect everything. And in some ways, I think now that I've already had all my bills paid from education from a long time ago, I mean, while I don't want this money to be taken out of the economy, it's also, it's sort of fair. I had to pay my college bills too. It's like, well, you received the service, you should pay for it.

And it's just sort of the economics of, well, it's going to work itself out. And maybe this could probably be a good thing, not necessarily the immediate, but in the long term when people are actually paying for something that they receive and the government just doesn't forgive these bills and just start printing more currency. I imagine this will help the economy for the long term. But, short term, it's going to be affected. And that's where you could see some immediate stock prices and all sorts of things that could wreak havoc.

Dennis:

And Jeremy, we can talk about that in the next segment. We are sneaking up on a break here. Quick reminder as we go to break, you can go to RequestYourReport.com to get a copy of The Revenue Sourcing Book as well as The Cash Strategy Report. The Precious Metals Buyer's Guide is available at PLP Metals. We'll be back after these words.

Jeremy:

And welcome back into the Retirement Lifestyle Advocates Radio Show, or RLA Radio, the acronym. We're joined here... First off, my name is Jeremy Bolker. I'm helping along here, and with our longtime radio host of RLA Radio, Dennis Tubbergen. And Dennis, we were talking in that last segment,

really a quite interesting topic that affects a lot of different people and will affect the economy here, and that's student loans, and the idea that student loans are now coming back into play and the students who receive that wonderful, wonderful education are going to actually have to start paying for it in October. But there's more than meets the eye right there because that's going to affect a lot of people in the economy in a lot of different waves, isn't it?

Dennis:

Yeah, for sure, Jeremy. And you mentioned that you had the student loans, maybe you and your wife had the student loans, you paid them back. That's the way it should work in my view. And certainly, there's some listeners that may disagree with that, and that's okay. That's my opinion. If you don't like that one, I've got lots of them. I'm sure there's one you're going to agree with. But I happen to be a bit old school that way and think if you borrow money, you should pay it back.

Jeremy:

It's probably a good idea. Yeah,

Dennis:

Yeah. We've made it so easy for students to borrow money. I mean, there is now over $1.7 trillion in student loan debt. If you wanted to get a student loan anytime in the past, you had to be enrolled somewhere in an institution of higher learning and you had to be breathing. Those were the two requirements. Nobody checked to see if you spent that money at the bar or on a car or how you spent it. Nobody checked to see if you were doing your homework, and the funding was not rescinded if your grades weren't high enough. And you would expect that all those things would probably happen if mom or dad was paying the bill.

So now consequently, we've got this big chunk of student loan debt, and what we've also gotten is a tuition price bubble. A lot of people don't think about that, but if you're going to have a price bubble, whether it's in stocks or real estate or college tuition as we're talking about, you have to have easy credit.

Easy credit is the fuel for a bubble. Easy credit is really what inflates a bubble. So, I believe that you're going to see a couple things happen. One, I think you're going to see tuition levels start to fall again, as enrollment falls. I think that the other thing you're going to see that will be an immediate impact is I think that this will be another straw on the proverbial camel's

back that will take money out of the US economy, which as we talked about in the first segment, is so dependent on consumer spending. This will be a drag. And there's $1.7 trillion in debt out there, and the last numbers I saw, more than 30% of them are already in default.

Well, what's interesting, what a lot of people don't know is, you can declare bankruptcy, but you can't get rid of a student loan debt. It's not dischargeable in a bankruptcy. So this is going to be a drag on the US economy for a very long time. And corporate America is really concerned about it. On earnings calls of late, Target's CFO said this. He said that, "The upcoming resumption of student loan repayments will put additional pressure on the already strained budgets of tens of millions of households. We remain cautious in our planning."

Levi's CEO said something similar. Macy's CFO, Adrian Mitchell said, "The expiration of student loan forgiveness beginning in October along with higher interest rate levels and lower job creation are all new pressures on the consumer." This will be deflationary. Again, deflation is a contraction of the currency supply, and if there's too much debt to be paid, the currency supply contracts and we get deflation.

Jeremy:

Dennis, if I could jump... And if I could, pardon me, Dennis, this is fascinating. Now, I don't know if you know the answer to this question, but when we talk about inflation and inflation rate, the student loans that have been in sort of, I guess what you call them a suspension status, are they going to be paying the rates that they originally agreed to or is it going to be sort of like an ARM, an adjustable rate mortgage or an adjustable rate? Are they going to be paying more current interest rates? Do you happen to know how that works? Because that's going to obviously affect some things too.

Dennis:

Yeah, for sure. I mean, before interest rates started to go back up, interest rates on student loans were already at 7%. So these interest rates based, in the context of where interest rates have been over the last 10 years are already high. So it's going to be a pretty big drag. Just take, I don't know if you take $1.7 trillion at 7% interest, you're talking interest of 1.2 trillion a year or so, if my math off the top of my head is right. That is a significant drag on the US economy. Big drag on the US economy. In fact, that's about the same level of interest that the United States government is now paying on their debt.

Jeremy:

Wow. Well, it could get really, really interesting, Dennis. I tell you what, I know we got some more excitement ahead with the next couple of segments of our program because, I mean to hear about this is fascinating, how this thing could get affected. But why don't you fill us in too, to A, how we find more about your blog and then that monthly special report too and how we get that information here, in the last minute of this segment.

Dennis:

So, if somebody wants to get the special report, the current special report, which is the last week we'll be offering it. It's called Cash Strategies. The Cash Strategies Report gives you five different cash strategies for the current economy. If you go to RequestYourReport.com and let us know where to mail that, we'll mail the report to you, and we'll get you two bonuses. Also with that report, you'll get a copy of the bestselling Revenue Sourcing Book. You'll also get a copy of the Little Black Book on Social Security Maximization. All you have to do again is go to RequestYourReport.com and let us know where to mail all that information, and we'll do that with no further obligation of any kind.

And if you'd like to get more information or read the blog, go to retirementlifestyleadvocates.com, retirementlifestyleadvocates.com. You'll get my blog there. You'll also get my weekly headline roundup newscast that I do live every Monday at noon, and all the replays are posted there. So I think we're running out of time in this segment. We'll be back after these words.

Jeremy:

And welcome back to the Retirement Lifestyle Advocates Radio show, RLA radio. We're joined now by our keynote speaker, or keynote speaker for numerous different financial topics, but longtime host of this program, Dennis Tubbergen. And Dennis, our last segment talking about the student loans and beginning of the repayment in October and some of the strains that that will put on our economy, and some of just the consumer spending that is going to be affected. Well, talk about consumer spending. It's going to transition right into this question in this report, and I'd like to hear your take on this and especially some of the data that is fascinating. And it's about credit cards. And you always talk about that credit card debt. You talk about inflation.

I will tell you, Dennis, I've been very blessed, been very fortunate. I really try to pay off my credit card every single month in full. I looked at the

interest rate just for giggles, and it was something like 34% now on the credit card. If I were to, let's say, start letting some of that and not pay it off each month, that's what I would start getting dinged on. And that is absolutely insane. I think at one point during the real low interest rate times in that, I mean I think it was maybe 21, 22, so just to give you a perspective of how much it's increased here over the last couple of years, from roughly around 20, 21% to 34% is really something. But Dennis, when people don't have the money, they put it on their credit cards. And now there's even a more concerning stat I'd like you to share with our listeners here about credit card debt, something that happened for the first time ever.

Dennis:

And Jeremy, there's a couple stats I'll actually share on that topic because you're right, as interest rates have gone back up, I mean it's almost like a killer one two punch to a lot of consumers that have been relying on credit cards for essentials. So, a couple stats here. One, earlier this year, total credit card debt collectively in the United States exceeded a trillion dollars. So, take credit card debt and student loan debt and you're pushing $3 trillion very hard.

Now, if you look at what a lot of consumers are charging on their credit cards, groceries are a big chunk of that. So many Americans who have found that their actual spendable income has declined due to inflation are relying on credit cards to make ends meet. That has been the case.

Now this last month, credit card spending just fell off the proverbial cliff. The credit card purchases last month were down by $600 million. That's in one month. So, credit card spending now, up to this point, if somebody had debt on a credit card, the majority of people did what you did. They paid off their credit card debt before they were charged interest. That has been the primary way that the majority of people have used credit cards up until last month.

Last month, for the first time in history, there were more credit card holders that rolled over their balances than paid them down. So what we're seeing here is a consumer, in my view, and I believe the data reflects this, you're seeing the consumer reaching a point that inflation is hurting them and their income's not keeping pace with inflation. And now all of a sudden there's no room left on the credit cards. And I believe that again, as we talked about in the first segment, I believe deflation will now have to become the dominant force.

Now, Jeremy, if I can just explain why this is. See, if you think about taking on debt. If I go buy a car, let's say I want to buy a really cool car and I'm going to spend $60,000 on this car. There's two ways I can buy the car. One, if I happen to have cash in the bank to buy the car, I can write a check. Well, if I write a check for the car, what I'm doing is spending yesterday's production, because in order to have $60,000 in the bank, I had to go to work, I had to make money and I had to save money so I could really deploy that economic energy that I had saved. I save in the form of currency, but I want to deploy it today to buy this really cool car. So I'm spending yesterday's production.

On the other hand, if I go buy this $60,000 car and I don't have $60,000 in the bank and I decide I'm going to make payments on the car, now I have to go to work tomorrow to make money because I've got something called a payment book. And if I want to keep my really cool $60,000 car, I'm going to have to make my payments every month. And if I miss them for a few months, somebody's going to show up with a wrecker and they're going to take my cool car away because I've defaulted on the payments.

So, this is the point. Debt accumulation consumes tomorrow's production. Debt accumulation has to be finite or limited, because tomorrow's production is finite or limited. So, at a certain point, we can't accumulate any more debt, and we've got to deal with the deflationary consequences. And I believe that is getting very close, and I believe that will adversely affect stocks and real estate and the prices of things we own. So that's why I offer all this information on the program. Every month you can get the special report Cash Strategies, you can get The Revenue Sourcing Book, The Little Black Book on Social Security. It's all free. It's all a second opinion. RequestYourReport.com is where you go to get it.

Jeremy:

Hey, Dennis, with that super cool $60,000 car, is there at any point we address a sugar mama or sugar daddy to help out?

Dennis:

Jeremy, I think that's another show that might be on later in the day, I'm not sure.

Jeremy:

Got it. Well, and that is an interesting perspective on looking at that, of looking back at what your assets are, and how that's affected of you're actually spending money that you had earned to make this purchase for the

$60,000 car. I think what happens in people's minds, he is going, "Well, this is actually, I could get a really pretty low interest rate," or, "Hey, I got two years interest free." And then it goes up here and then they figure, "Well, hey, you know what? We could invest that money that we're saving and we'll get a better return than our interest rate." And I think that's a lot of times the mentality. That's what I know, what salesman might say is like, "Oh, hey, why don't you do that and do it that way?" But then of course, that's where we can really get into trouble.

Dennis:

Yeah, that is almost always a bad idea. I have never advocated that, and I still don't advocate that. There is probably now, at this point in time, a reasonable argument to be made that if you've got a mortgage locked in at 2.75% interest and you can go get a safe guaranteed investment yielding more than 5%, that's known as an interest rate arbitrage. And this is the only time in the last 30 years or so that that's been possible. That is a reasonable argument, that maybe you don't want to pay it off. Maybe you want to take the guaranteed return because you can make an arbitrage on that. That said, I will tell you, I've never talked to anybody who's paid off their house that later said, "Boy, I'm sorry I did that." I'm still- [inaudible]

Jeremy:

That's a really good point.

Dennis:

... pretty big advocate. If you can pay off your debt, you should pay it off. And in a deflationary environment, debt gets a lot harder to pay. So the advice I would have for listeners is, if you have debt, before deflation hits, if you can, think about paying it off or paying it down to the extent that you're able to do so.

Jeremy:

Dennis, we see some of our favorite, maybe actors and writers and that too are all on strike, but there's somebody else that is threatening a strike right now too. Why don't you fill us in on some of these details and how that could affect some things in the economy as well?

Dennis:

Well, this is really, Jeremy, a symptom of inflation. Bloomberg reported that the UAW, United Auto Workers, the members voted, 97% of the members voted to strike if they deem it to be necessary. Now, the union's current labor agreement with the automakers expires September 14th. We're not too far away from this. This is just a couple weeks away. So should they not

get a contract that they can all say, "We want to have, we're comfortable with this contract," they have now authorized a strike.

Now, there are 150,000 workers that are affected by this. They produce Chevrolets, Fords, and Jeeps, and what they're looking for over a four-year timeframe is a 46% increase in pay. Now they are looking for this big increase in pay to, quote, "offset the severe impact inflation over the past two years of negative wage growth." End quote. Well, they're certainly right. Wage growth has been negative. If you go back three years, the average American is making about 9.1% less on a real basis.

Now, the UAW is also looking for traditional pensions to come back. They want those to be re-implemented. They're also looking for a 32-hour work week. I believe that the two sides are going to be a long way apart. But if you take a look at what the Teamsters just negotiated with UPS, with a UPS driver now making $170,000 a year, that added some fuel to the UAW to say, "Hey, let's get bold here. Look at the Teamster’s guy. Let's strike if we need to." So it's going to be interesting to see how this plays out.

But what we're really looking at here is another reason, or another side effect of inflation. Workers are extremely frustrated because the money that they were making just doesn't go as far.

Jeremy:

And you know what? I mean, it just makes sense. It's a complete snowball effect. But can you imagine, Dennis, I didn't want to say it, but when you said a really cool $60,000 car, I'll tell you what, if you've looked at some of these newer SUVs and some of these other cars, I mean we're talking 70, 80, 90, a hundred thousand dollars for some of these vehicles. I mean, that's more than my starter house. But can you imagine what the prices will do? Let's say if they even get half that amount. Let's say if they're asking for that much of an increase, what was the percentage again that UAW was asking for?

Dennis:

46% over four years, Jeremy. So by comparison, the top UAW wage right now is about 32 bucks an hour. That's $67,000 a year, based on a 40 hour work week. If they get what they want, it'll be $98,000 based on the same work week.

Jeremy:

Well, I am going to guess that the big three is not going to eat that necessarily profit right there. I think they're going to pass it along to you and I, and this will be quite interesting to see how this flows and how that will continue to affect the price of vehicles.

Dennis:

Well, yeah, certainly. You just made a terrific point. Inflation feeds on inflation, and that's exactly the point you made. And that is exactly the case. Jeremy, we're headed up to a break here. Let me remind everybody, in case somebody's just joining us, we do have a Precious Metals Buyer's Guide that's available. Go to PLPmetals.com. That's P as in Papa, L as in Lima, P as in Papa, PLPmetals.com. Let us know where to mail your Precious Metals Buyer's Guide. We'll be glad to do that.

Also, the special report is titled Cash Strategies. When you request that report, you'll also get The Revenue Sourcing Book, which contains a retirement planning strategy for the current economy. You'll also get the Little Black Book on Social Security Maximization. All that information is available at RequestYourReport.com. The website again is RequestYourReport.com. We'll be back with our final segment after these words.

Jeremy:

And welcome back to the final segment of the Retirement Lifestyle Advocates Radio Show, or RLA radio. I'm Jeremy Bolker, along with our host, Dennis Tubbergen. And Dennis, it's been an interesting show here addressing a number of different things with inflation, but the inevitable deflation, which we're going to talk about here in a second. But as well, how inflation feeds on inflation, creating deflation. Now, it's quite a pie chart there, but if we could, we could revisit again deflation, because we're starting to get a bigger understanding of what it is and what it means. I know you earlier in the program defined it, like what the Webster's dictionary it is, but it is more than that too. So if we could, in our final segment here, let's bring this back in the fold again about deflation.

Dennis:

Well, I think that the definition's, very simply, inflation is an expansion of the currency supply. Deflation is a contraction of the currency supply. Because today's currency is debt, when debt goes unpaid, we get deflation. And deflation creates an economic environment like the 1930s.

Now, the severity obviously can vary depending on the level of debt, but in the '30s, we saw the price of everything we own decline. We saw a big economic contraction. That's what happens during deflation. Inflation happens as currency supply expands temporarily before deflation kicks in because there's too much debt to be paid with honest currency.

And I'll give you a quick example before we switch topics here in this last segment. If you take a look at the politicians at the federal level, and you don't want to look too long because it's not pleasant to stare, especially at that particular group of politicians, at least that's my opinion.

So, they have really three choices. Our federal spending has increased from 4 trillion to $6 trillion in three years. We have a monster deficit, and there's only three ways to close a deficit. You either raise taxes, cut spending, or you create currency. And creating currency is the only viable option once the debt levels get too large. And that's where we are.

So that's why we've seen inflation. I mean, the reason we've seen inflation is that in 2020 through 2021, the Fed created $5 trillion of currency out of thin air. I believe that once the recession kicks in, they're going to go back and follow that policy again. Even though there are a few very smart people on this program that I've interviewed that disagree with me, there are also many that agree with me. So I think we're headed back down that road. I'm not sure though the Fed is going to be successful because deflation is now really getting a foothold, and I think we're going to see stocks go lower as a result. And I think we're going to see real estate go lower as a result.

Jeremy:

And I imagine a lot of these things, Dennis, is that... Listen, I think a lot of times with politicians with the terrible rep, I mean, I think they're trying to be well intended with this by just trying to keep the economy afloat. And what's just unfortunate is it just continues to kick the can down the road and in essence create such a big vacuum that it's going to happen at some point, and just make it even that much worse by trying to do that versus just letting it sort of economically figure itself out.

Dennis:

Well, I think that's right. I mean, if you go back to the financial crisis, if we'd have let the two big to fail banks fail, we'd have been through a deflationary period, and I believe we'd be on the other side now. That's not what we did. We did kick the can down the road. That's a perfect analogy that you used, in my view. And now, that federal government debt is over $32 trillion,

about $33 trillion, a $2 trillion deficit. And the private sector is now really, really stressed, as we talked about on today's program. So I believe we're getting really close to the rubber meeting the road, to use an old cliche.

Jeremy:

Well and kicking the can down the road. Heck, I'm going to pick up that can now. You can get 10 cents, man. We got to be saving everything we can here in Michigan. So hey, Dennis, in our last couple of minutes here too, there is something that you did want to leave with the audience and one more topic, wasn't there?

Dennis:

Well, I just think that you want to be careful here. If you have traditional investments in your 4 01K and IRA, there's an old formula called a 60/40 portfolio, 60% stocks, 40% bonds. When stocks go down, no matter how you own stocks, your investments will decline in value. And if interest rates continue to rise, which I believe they will, bonds don't do very well. So a lot of traditional asset classes and the traditional approach to investing, I don't believe are going to do well. I think we could see easily 50% downside here in equities. I've had guests on the program that say we could have a lot more, but I think we're potentially at the beginning of another wave down here. And I believe that residential real estate will follow commercial real estate, and I think we're going to see prices there go a lot lower as well.

So certainly, I think we need to have a different approach. If you aspire to a comfortable stress-free retirement, I believe using the Wall Street only approach could likely fail you moving ahead, in my view. And I certainly would encourage all the listeners to get the resources we're offering. You can get the Cash Strategies Report along with the retirement, excuse me, the Revenue Sourcing Book, along with the Little Black Book on Social Security Maximization by visiting RequestYourReport.com. The website again is RequestYourReport.com. And we've also got the Precious Metals Buyer's Guide as a resource today. You can go to PLPmetals.com to get that report. That's P as in Papa, L as in Lima, P as in Papa, PLPmetals.com. Let us know where to mail that report, that Precious Metals Buyer's Guide. We'll do that as well.

Hey, Jeremy, thanks for joining me on today's program. Appreciate your perspective and appreciate you joining me and making the program a little bit more interesting.

Jeremy:

Well, and thanks for leaving us on such a great note with those predictions of commercial and residential real estate on this great weekend, as well.

Dennis:

Well, don't shoot the messenger. We'll be back again next week. Have a good week.