

# THE WEALTH PROTECTION GUIDE



NATIONAL GOLD  
CONSULTANTS

# THE WEALTH PROTECTION GUIDE

Today, we're experiencing more severe "storms" than ever before. With annual inflation rates at 8.5%,<sup>1</sup> federal debt to GDP at 137.2% at the end of 2021,<sup>2</sup> potential tax increases on the horizon, lingering COVID-related issues, Russia's war in Ukraine, and more, how do you add stability and balance to your clients' portfolios while increasing their liquidity and resiliency?

The pat answer is, diversify. But we're facing a situation where the diversification that many financial professionals subscribe to, which came out of the '60s and '70s, has become a misnomer. True diversification isn't the 60/40 (stocks/bonds) portfolio of years past. So, what should be added to the mix?

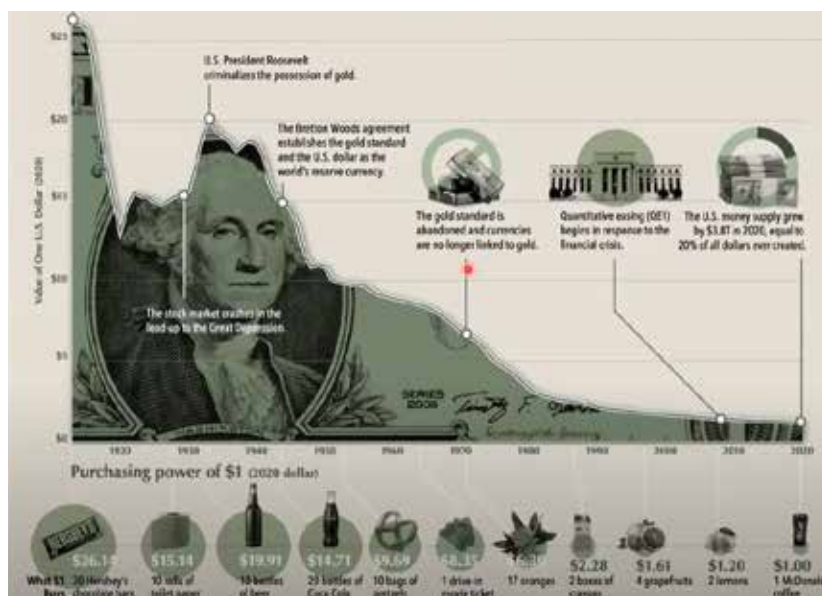
## Add 'Wealth Insurance' to Reduce Risk

Unfortunately, we are in an environment of high volatility in the stock market, combined with low interest rates and rising inflation, which is a threat to pre-retirees and retirees. In fact, according to Ryan Long, president of National Gold Consultants, "The financial Armageddon for the retiree is a low-interest-rate environment and high inflation. It just doesn't work."

This current economy leaves clients' hard-earned savings vulnerable to being wiped out, or what they've saved being practically worthless by the time they are ready to retire. That's the risk that's been mounting since our government abandoned the gold standard and began using the fiat system.

With the gold standard, our dollar was backed by a physical commodity (gold), whereas with the fiat system, there is no accountability. As a result, the government has been able to seemingly print money out of thin air — heightened over the past couple of years by more than \$3 trillion<sup>3</sup> in government assistance during the pandemic. To better understand this, think of it like a debit card versus a credit card. With a debit card you must have money in the bank to cover what you're spending. With a credit card, you can continue to charge your card without any means to pay it back. This credit card method and the resulting \$30 trillion<sup>4</sup> in government debt that has accumulated will likely catch up to us eventually in the form of higher taxes.

In the meantime, the dollar will continue to lose value. Since 1913, it's lost 97%<sup>5</sup> of its value and counting, leaving many to wonder what will happen to the retirement they've been saving for or the legacy they've been building.



Source: Bureau of Labor Statistics - Consumer Price Index, Morris County Library of Historic Prices

But there is a glimmer of hope:

Adding wealth insurance to the portfolio, in the form of physical gold and silver, acts as a counterbalance due to their uniquely inverse relationship with the stock market, the U.S. dollar and real estate. Because they are tangible assets governed by supply and demand rather than the U.S. economy, they also hold their value regardless of what's going on in the world.

To demonstrate that, let's look at how well silver preserves purchasing power.

If you wanted to buy a Mustang in 1964, it would have cost \$2,398.<sup>6</sup>

In 2022, a Mach 1 Mustang would cost you about \$62,100. You'd need a lot more dollars!

On the other hand, if you had \$2,398 worth of silver in 1964, today that would buy you a Mustang AND MORE because that \$2,398 worth of silver would now be worth approximately \$83,000.<sup>7</sup>

## Know Your 'Why'

The urgent problem is that many people don't understand gold, or they make it more complicated than it is. So advisors don't recommend it to their clients, and curious consumers take advice from the wrong sources and often end up in a worse position. That's where legitimate gold and silver dealers like National Gold Consultants come in. It is the only licensed and bonded gold and silver supplier that works specifically with financial advisors, and it is the only one covered by E&O insurance from a major carrier. It is also state regulated, unlike the retailers you or your clients may have encountered.

When advisors don't know the "why" behind gold and silver and are unaware of the benefits, it puts them at a disadvantage with clients who are interested in adding these precious metals to their portfolios but don't know how. The advisor should be able to lead the conversation and educate clients on the benefits of adding this tangible asset to their portfolios. The **three major reasons** to do so are to:

1. Provide the client with true diversification and noncorrelation.
2. Provide an inflation hedge to help them maintain their buying power over time.
3. Provide peace of mind and help maintain clients' lifestyles.

However, the key to engaging with clients on this topic is knowing **what questions to ask** to help put them in the right frame of mind to hear about the benefits of gold and silver. Those questions are:

1. How will you solve the problem of rising costs combined with the low interest rates you earn on safe investments?
2. Will you be able to maintain your lifestyle when the stock market and real estate bubbles burst?
3. Are you concerned about unbridled government spending and growing national debt?



Once an advisor understands why they should bring up the idea of buying gold and silver to their clients and can explain the purpose of allocating a percentage of the portfolio to it, they are often faced with another question: What should I buy?

## What (and What Not) to Buy

Gold and silver are available for purchase in different forms. For nonqualified funds, National Gold Consultants recommends taking physical receipt of general circulation, pre-1933 American coins. The reason is because they ensure the most privacy, liquidity and authenticity. If the coins are minted prior to 1933, the government has stated they do not have to be reported. That doesn't mean any taxable income or capital gains doesn't have to be reported; but if, for example, gold was being confiscated for some reason, no one has to know your client has these gold coins.

There's something to be said for having tangible assets in your possession, but clients may be concerned about where they'd store all that gold. The truth is, hundreds of thousands of dollars in gold and silver coins could be stored in a few shoeboxes in the back of a closet.

While physical possession is acceptable for nonqualified funds, it's not an option for qualified funds. IRA dollars held in gold or silver must be kept in a depository through a trust custodian.

National Gold Consultants works exclusively with Delaware Depository and Gold Star Trust for these services. The suggestion for qualified money is the regular bullion from the Canadian Mint in 1-ounce gold Canadian maple leaf coins — for their performance and liquidity.

Gold and silver are also available as collectibles, bars or paper shares.

But listed below are reasons why they are not ideal for the purposes of wealth insurance.



**Collectibles:** Subject to someone else's opinion of what they're worth, i.e., not what a client wants to base their legacy on.

**Bars:** Easily counterfeited and difficult to liquidate "pieces" of them, which defeats the purpose as liquidity is one of the key benefits of this asset class.

**Paper shares (ETF/Mutual Funds):** Highly volatile because they are trading in the market and, therefore, don't accomplish the goal of having assets uncorrelated with the market. Plus, they are highly leveraged — similar to how airlines sell more seats than are available. Paper shares aren't held in a client's possession but, instead, are essentially an IOU.

Advisors who understand why gold is critical to a truly diversified portfolio and know what to buy to accomplish the goal of wealth insurance are moving in the right direction when it comes to what's best for their clients. However, that's not all that's required to help ensure clients achieve the benefits of adding gold to their portfolios.

"Gold and silver have helped me **keep my clients calm** and prepared through the storms."

– *Kerry Morris, CFP®*

## The Seesaw Effect

If you don't answer the question of how much a client should buy, you've done them a disservice. "This is what the client wanted to do," is not the right approach.

An advisor's role is to guide the client through the decision-making process. Bottom line, the client wants the right amount — they just don't know what that is. That's why they work with an advisor. As Long puts it, "The client trusts the advisor, and therefore the advisor is the one that has to step up and be the leader to give the proper allocations." It's important to remember that National Gold Consultants' approach to adding gold and silver to the portfolio is that gold and silver are NOT the be-all and end-all. In fact, that would be contrary to what you're trying to achieve since the objective is to diversify.

The idea is to strike the right balance between gold and silver and the portion of their portfolio allocated to dollar-based assets as if they were on each end of a seesaw.



We know that gold and silver generally move in the opposite direction of the stock market and real estate market, so it's not a matter of either/or.

So how much should be allocated to gold and silver? Enough to make a difference. To achieve that desired counterbalance, a target allocation of 10% to 20% of a client's net worth is recommended. This amount has been proven by CPM Group research (looking back from 1968 through 2020) to be the sweet spot between the greatest potential return and least amount of risk.

**"We're not trying to make gold and silver the main thing an advisor does — it's just a complement, an add-on."**

*– Kerry Morris, CFP®*



How much of a difference would a 10% or 20% allocation make for the client? Let's compare 10% of the portfolio to 20% with a hypothetical example of what commonly occurred between 2008 and 2011.

<b>10% Allocation</b>	<b>20% Allocation</b>
<ul style="list-style-type: none"> <li>▪ 90% of the portfolio declined 40% (\$900K down to 540K)</li> <li>▪ \$100K (10%) in gold/silver increased to \$445K</li> </ul>	<ul style="list-style-type: none"> <li>▪ 80% on the portfolio declined 40% (\$800K down to \$480K)</li> <li>▪ \$200K (20%) in gold/silver increased to \$910K</li> </ul>
Total portfolio: <b>\$985,000</b>	Total portfolio: <b>\$1,390,000</b>
<b>Gain/Loss: \$15,000 = 1.5%</b>	<b>Gain/Loss: \$390,000 = 39%</b>

Having 10% in gold/silver would have helped significantly minimize the portfolio loss in this scenario. This would have helped many clients sleep better at night. When your client is watching the news and hearing about a bear market, having gold and silver can make them feel safer knowing that these things happening in the U.S. economy or around the world won't destroy the wealth they built.

And with a 20% allocation to gold/silver, they could have actually come out ahead — even with their other assets down by 40%.

This inverse relationship between gold/silver and dollar-based assets is what helps afford clients peace of mind when they might otherwise be distressed over the fluctuations in the stock market or real estate market.

## **A Closer Look at Gold and Silver's Inverse Relationship to the Stock Market**

Many clients are familiar with the S&P 500, so it can be helpful to show the S&P 500 compared with gold and silver. During the three largest declines in the S&P 500, pre-1933 silver dollars skyrocketed in value.

<b>Dates of S&amp;P 500's Recent Decline</b>	<b>S&amp;P 500</b>	<b>Pre-1933 Silver Dollar</b>
<b>DOT-COM CRASH</b> 3/27/2000 – 10/9/2002	-49.01%	58.35%
<b>HOUSING MARKET CRASH</b> 10/9/2007 – 4/28/2011	-56.88%	504.02%
<b>2020 COVID FLASH CRASH</b> 2/19/2020 – 3/23/2020	-33.93%	22.7%

A blend of gold and silver also fared well during the most significant down periods of the S&P 500.

Dates of S&P 500's Largest Declines	S&P 500	Pre-1933 Gold/Silver Blend
Sept 21, 1976 – Mar 6, 1978	-19.42%	53.80%
Apr 1, 1987 – Apr 1, 1988	-56.88%	504.02%
Jul 16, 1990 – Oct 11, 1990	-33.93%	22.7%
Mar 27, 2000 – Oct 9, 2002	-49.01%	47.76%
Oct 9, 2007 – Apr 28, 2011	-56.88%	489.30%

Source: National Gold Consultants historical price guides; London Fix historical price data

Looking at a snapshot in time from 2000 to 2022, gold would have outpaced the S&P 500 in cumulative return.

### S&P 500 vs. Gold

Physical gold and silver historically counter-balance three main economic puzzle pieces: the equity markets, housing market and U.S. dollar. The graph below shows how gold and the S&P 500 would have performed with a \$10,000 investment since the year 2000.



YEAR	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22
<b>S&amp;P500</b>	-16%	-24%	37%	5%	6%	13%	-6%	-41%	35%	21%	2%	12%	20%	15%	-9%	22%	16%	2%	19%	47%	12%
<b>GOLD</b>	12%	17%	13%	11%	27%	22%	43%	-3%	18%	27%	27%	-11%	-17%	-9%	2%	1%	5%	0%	20%	5%	14%

CUMULATIVE RETURN 2000-2022	
<b>S&amp;P 500</b>	258%
<b>GOLD</b>	555%

Again, the point is not that you should take clients' money out of stocks and put it all in gold and silver. You could look at other time periods and see that gold and/or silver was down while the S&P 500 was up. The fact that they switch places is exactly why clients should be participating in both.

When it comes to the question of whether the client should buy gold, silver, or both and/or in what combination, consider anywhere from a 50/50 split to an 80/20 split, silver to gold, respectively. But keep in mind that just like a fixed indexed annuity, for example, there's a "right product" for each client's situation.

**A Closer Look at Gold and Silver's Inverse Relationship to the Real Estate Market**

Look at what would happen if a hypothetical client, we'll call him John, were to time the real estate market perfectly while holding gold. As you can see, John is in a cycle of selling real estate to buy gold and then selling gold to buy real estate and back and forth over the years.

1970	1980	2000	2008	2020	2021
• 1 House = \$25,000 Sells House and Buys Gold	• 700 oz. Gold = \$730,000 • Sells Gold and Buys Houses	• 12 Houses = \$2.4M • Sells Houses and Buys Gold	• 9,600 oz. Gold = \$18M • Sells Gold and Buys Houses	• 83 Houses = \$30M • Sells Houses and Buys Gold	John is sitting with 21,175 oz. of gold worth \$40M.
• \$25,000 = 700 oz. Gold	• \$730,000 = 12 Houses	• \$2.4M = 9,600 oz. Gold	• \$18M = 83 Houses	• \$30M = 21,175 oz. Gold	

The takeaway is that this inverse relationship between gold and real estate allows the client to break even, i.e., protect their wealth, regardless of the market constantly moving up and down.

This paints a compelling picture. And while it won't necessarily work this perfectly because we don't live in a perfect world, it is realistic when you think about what happens with gold versus real estate over the long term — they balance each other out.

If your client is curious about whether they would be able to sell their gold or have the ability to liquidate their gold as needed, the answer is yes. National Gold Consultants is always looking to buy back gold and silver. These precious metals are in such high demand and in limited supply, your clients never have to worry about how they would sell some or all, if they wanted or needed to.

**Think: Insurance Not Investment**

If you listen to or read the news headlines on gold, the desire to discuss gold (or silver) with your clients may have been tarnished. However, one of the problems with listening to the pundits is that they are speaking about gold (or silver) as an investment. But when discussing gold and silver with your client, treat it more like insurance rather than primarily as an investment.

While capital appreciation is a nice benefit, it's secondary. Instead, gold and silver are better positioned as wealth insurance. It is there to protect the client if everything else in the economy falls apart. It's a long-term strategy to protect the client's desired lifestyle should all other assets drop in value.



If gold and silver happen to be down, in most cases that means clients' investments are doing well. If they wait until their investments aren't doing well to seek safety by adding gold and silver to their portfolio, it will likely be too late. Much like you want to buy home insurance before a hurricane hits or life insurance before you pass away, you want to have wealth insurance in place before the market drops or the real estate market goes bust.

## What to Expect From Clients

Unfortunately, there are currently too many advisors who don't feel comfortable approaching clients about gold and silver because they don't know what their clients' reactions will be. Will they want to hear about it? Will they think it's odd the advisor is bringing it up? The short answer: No. According to Kerry Morris, CFP®, clients are open to this conversation.

"When I bring it up to clients, it's a pleasant surprise to them. They're like, 'Wow, this guy doesn't have his head in the sand — he's thinking about this stuff.' It's a fun conversation to have."

When you initiate the conversation with clients, they will have questions. Working with advisors and clients over the years has revealed five key questions you'll get asked time and again. After reading this white paper, you should be able to provide solid answers to these questions.

**Question 1:** Why should I buy gold and silver? **Question 2:** What do I buy?  
**Question 3:** How much should I buy? **Question 4:** Where do I store it?  
**Question 5:** How do I sell it?

But we've only scratched the surface. The training offered by National Gold Consultants goes into even greater detail, answering these questions so that you're adequately prepared to handle client conversations with ease. These questions are typically the only pushback you may get from clients when opening the conversation about gold and silver. You'll rarely receive objections from right-fit clients. Most clients (existing or new) are thankful their advisors are thinking about this opportunity for them and providing them a safe, secure way to "insure" their wealth.

## The Gold and Silver Lining

Many of your clients and prospective clients are struggling for an answer to how they protect their retirement savings and their legacy from economic risks. If you feel there's a hole that needs to be filled with something to hedge inflation, as well as something to protect your client's wealth in the event of a market correction, gold and silver may be exactly what you're looking for.

The good news is there's no reason you can't begin helping your clients today. There is no additional licensure required, and you can introduce clients to gold and silver whether you're an insurance-only agent or a comprehensive financial planner. National Gold Consultants provides in-depth training, marketing materials, direct access to experts on gold and silver, phone scripts, and more to help you build your confidence in presenting gold and silver to your clients.

The fact is: If you aren't having this conversation with your clients, someone else is — that means you could be leaving hundreds of thousands in commission on the table. With commission rates similar to that of a fixed indexed annuity, advisors are creating an additional income stream for themselves at as much as \$300K per year — without seeking out new clients.

The opportunity is there if you take advantage of it.

You could be up and running, making your first sale within 24 hours. But remember: Time is of the essence. Demand is increasing; uncertain times cause people to look for safeguards. Gold is one of the oldest, most reliable means of protection. But once it's gone, it's gone.

---

National Gold Consultants specializes in advisor-based investing. They work with both RIA firms and independent agents to provide training and assistance so you can knowledgeably and easily act in the best interest of your clients as you diversify their portfolios with tangible assets.

National Gold Consultants is headquartered in Buffalo, MN.

**Book a call** with the National Gold Consultants director of advisor relations or contact the National Gold Consultants office today at **(844) 637-3481**.

## Sources

- 1 [Current US Inflation Rates: 2000-2022 | US Inflation Calculator](#)
- 2 [United States Gross Federal Debt to GDP - 2021 Data - 2022 Forecast \(tradingeconomics.com\)](#)
- 3 [COVID Relief Spending | USAspending](#)
- 4 [U.S. National Debt Clock: Real Time \(usdebtclock.org\)](#)
- 5 [Value of 1913 dollars today | Inflation Calculator \(in2013dollars.com\)](#)
- 6 [1964 Ford Mustang 2 Door Hardtop Prices, Values & Mustang 2 Door Hardtop Price Specs | NADAguides](#)
- 7 [2022 Ford Mustang Mach 1 Fastback Ratings, Pricing, Reviews & Awards \(jdpower.com\)](#)

All investments involve risk — investing in gold and silver is no exception. The market for gold and silver is speculative, highly volatile, and subject to sharp price movements both upward and downward. Investing in gold and silver can be considered a high-risk investment that is not suitable for everyone. Current Market Value is based on the spot price and current supply and demand of specific products. The precious metal market is affected by many economic and political factors as well as basic laws of supply and demand that can alter pricing overnight. Be aware that just as the price trend of gold and silver can appreciate for long periods of time, it can also decline in value over long periods of time.



NATIONAL GOLD  
CONSULTANTS

**(844) 637-3481**

[www.nationalgoldconsultants.com](http://www.nationalgoldconsultants.com)