Thrift Savings Plan 101 for 2021

The Playbook for Protecting Your Retirement

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Intro

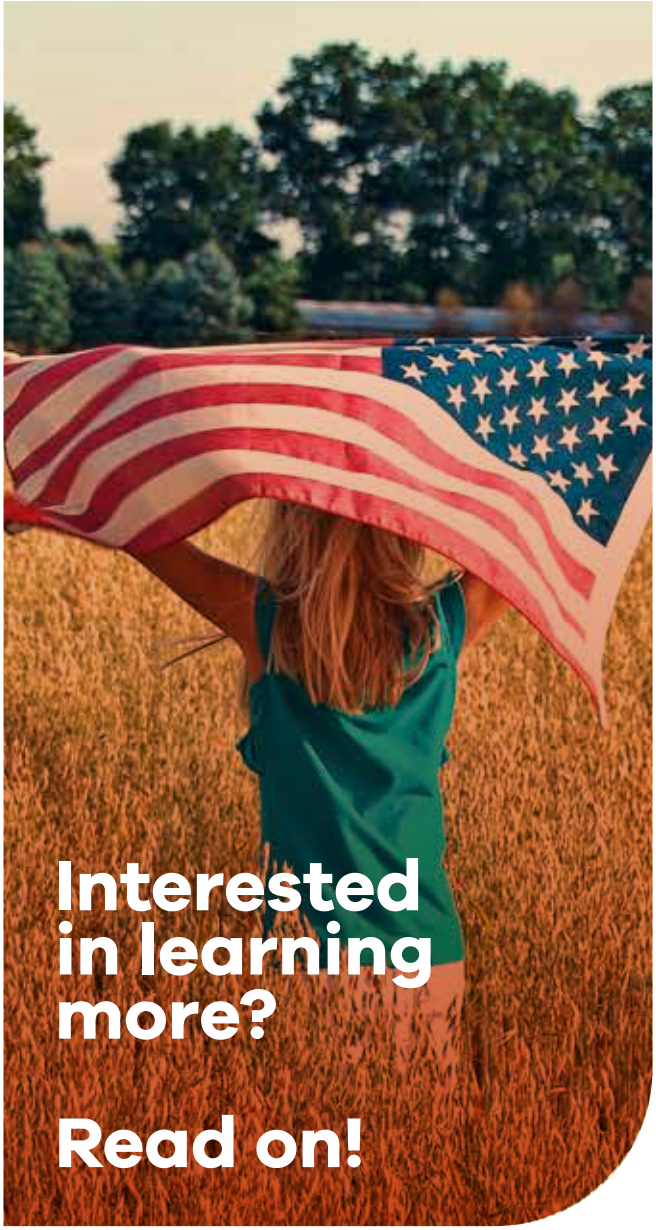
What is a Thrift Savings Plan?

Welcome to our insider's guide to maximizing the full potential of your Thrift Savings Plan. While the name suggests savings, we at Red Rock would like to point out the reasons that such a plan has the potential to provide lifetime retirement security but options in maximizing those benefits exist. Sound complicated? It's not.

We are going to introduce you to Jerry, who started out with the same questions you have right now. The leadership team has poured over the documentation on the current Thrift Savings Plan rules and regulations in a bid to make the options Jerry has clear and easy to understand.

For long-time government employees, there has never been better or more efficient and beneficial ways to manage financial statements than the U.S. government. You know that administrations have been adept at managing budgets, balancing the books and maintaining a solid financial footing from year to year, right? What?!

Okay maybe there is a little room for improvement. And maybe now that we are seeing such widespread shifts in the economy, U.S. budget and even in trade negotiations, it may just be a good time to review what options are in place and what the opportunity cost is there that you may be paying simply by ignoring the broader economic trends.



What Do We Cover in This Guide?

Organized by some imaginary scenarios many face throughout their working life, our short guide aims to fully explain the Thrift Savings Plan (TSP) and what it provides and where it differs from other types of retirement accounts.

Through the facts and figures, you'll learn how retirement plans work, their benefits and flaws and most importantly, how new changes in the rules open up a world of options for you to both preserve what you've saved and are saving as well as to allow you to grow that wealth in whatever way you desire for your short and long-term future.

In this guide, we're going to explore:

- The basics of the TSP.
- What happens to your money in the TSP.
- The new rules that work in your favor.
- How and when to get out of the TSP and into other retirement planning vehicles.
- How the self-directed IRA works.
- How using precious metals can both protect what you've saved and grow it for a more financially secure and comfortable future.

Our Frank has been saving in his TSP in a moderate fund. Not the most conservative, but not a big risk taker, either.

He's got $500,000 saved. Though that may seem like a lot, as you'll see throughout this guide, depending on where he is in his working career, that could be a good number or an unfortunate one.

For example, if Frank is 59 and ½, the earliest he can touch his TSP without penalty, then he's still got a little time to make some changes to increase that number. If Frank has just retired and needs to live off of that $500,000 then he's going to find life a bit tight.

Consider that with all retirement plans – the TSP, the IRA or the 401(k) – once you reach 70½, you have to start taking what's called a "required minimum distribution" or RMD. If we use a conservative 4%, then even with $500,000, that's only $20,000 per year for Frank. And in many TSP options, as you'll see, by the time you factor in the low yield and the rate of inflation that principal can disappear long before Frank makes his final delivery, if you know what I mean.

Sadly, this is a true story for many civil employees who reach the end of their working lives. It's why many either don't retire or have to get additional jobs and work well into their golden years. It's unfortunate, and avoidable. And that's what this guide is all about. To show you the options at your command and to present a possible path for you so that you don't end up living a minimal existence after a life of service.

So, let's take a look at all the possibilities at Frank's disposal. How will he enjoy his retirement years? How will he get to retirement in the first place? How does he ensure he is making the most of his retirement savings in line with all the rules and regulations?

Let's find out!

SEAN KELLY
CEO - RED ROCK SECURED

What's new for TSP investors as of 2021?

Before opening up the Wall Street Journal, it may make the most sense to just get an idea of what has gone on during the pandemic and what rules have changed going into this year.

First off, it is worth noting that Frank and some of his friends may have taken advantage of some of the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act last year.

The CARES Act allowed retirees to waive year-2020 required minimum distributions (RMDs). This included participants for whom 2020 would have been their first RMD year, even though that distribution would not have been due until April 1, 2021. RMDs have not been waived for 2021 however.

Last year, Frank's co-workers may have borrowed from their TSP, and maximum amounts were temporarily doubled in 2020 for those who wished to borrow from their accounts. Loan payments were also suspended.

Those that did make a withdrawal in 2020, they also had favorable tax treatment as a result.

All of these rules expired on December 31, 2020.

So, what should Frank's pals do now?

Well if they are like Sylvia and are turning 50 or are older this year, they will no longer need to make separate catch-up elections to their individual TSP account to contribute toward the catch-up limit. So, if she reaches the IRS elective deferral, or annual addition limit, before the end of the year and keeps on saving, her contributions will automatically continue toward the catch-up limit. That means that contributions spilling over toward the catch-up limit will qualify for the match on up to 5% of salary of government employees. Just like the random sock in your dresser drawer, never miss an opportunity to find a good match! In this case, it is money for your future!

Frank is the first to remind her that the contribution amount she chose will continue each year unless she changes it.

The TSP Basics

The creation of the government employee-only Thrift Savings Plan (TSP) dates back to the 1970s, when the rules of how pension plans both public and private could be invested were solidified.

Back in 1974, then President Gerald Ford spearheaded a new system to "improve" retirement. Basically, because of the volatile nature of pension funds and economic changes, the government wanted to institute new ways for private citizens to save for their own retirement without having to totally rely on social security.

The Employee Retirement Insurance Security Act (ERISA) was born. More importantly, the 401(k) was born at this time. This allowed private corporations to switch from a defined benefits plan, where they had to provide for a person's pension, to a defined contribution plan, where the employee was responsible for saving. Many companies also contribute via a match, but this is optional.

But what about the millions of people who work for the federal government and who are in the military? They needed retirement income as well, and other than social security, there were few options. And the problem still remained. The U.S. government has been worried about social security for decades. That's the whole point of ERISA in the first place. So in 1986, the Federal Employee Retirement System (FERS) was passed and the TSP was created. The TSP works very much like a 401(k) – you contribute tax deferred money into the account, choose which fund you want to invest in and the agency you work for may or may not also contribute.

Just as with the 401(k) or the IRA, when you reach 59 and a half, you can begin withdrawing money from your TSP without a penalty, or when you retire. Like these other plans, too, when you don't have to withdraw until you reach 70½ years of age, and then it's required.

TSP Investment Options

Thankfully, as you probably already know, the government gives you choices as to which fund your personal TSP invests in. A whopping six of them.

However, these traditional markets may have their limits. Why do we say this? We'll get into that a bit more a little later in this guide, but the short answer is that you are, in a sense, putting all of your eggs into one very small basket. And all retirement income experts advise against this!

Sure, there are six funds to choose from, which we will briefly outline below, but yes they're mostly connected to the stock market. Other retirement vehicles allow you to invest in real estate and precious metals, for instance. The stock market is totally out of your control, and assuming you were alive in 2008 or even 2000 at least you know, like Frank, that Wall Street is subject to major crashes at the whim of a whisper of recessionary talk.

Now we are not saying the stock market is bad, per se, it is just that like most company 401(k)s, the TSP doesn't offer any real diversification. All you've really got is a choice between higher and lower yield bond funds, or to put it another way, higher or lower risk. Generally, the higher the returns, the higher the risk. The safer the fund, yes you guess it – the lower the return.

This guide isn't meant to try and coach you on how to invest in your TSP. That's not what we do. This information is only to provide you with knowledge so that you can make the best choice for yourself.

So that's why we've created this guidebook. We aim to show you how, when you're able, to move your money from the TSP into an IRA and how you can diversify your investments to both preserve what you've built as well as grow it more safely and more profitably as well.

Let us take a look at the six funds Frank, Sylvia and you have to choose from as a TSP participant.

The C fund

This one is designed to mimic the S&P 500 index. It mainly consists of dividend income as well as gains and losses from the prices of individual stocks. This fund is exposed to market fluctuations, both in the whole market as well as in the prices of individual stocks.

The F fund

This is a bond index fund. It consists of government, mortgage-backed, corporate and foreign government bonds. Returns are derived from interest as well as gains when bonds mature. Obviously, this comes with the risk of the bonds themselves as well as risks associated with changes in interest rates. Should rates go up, the bond values go down and vice versa.

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The G fund

This is another fund that is attached to bonds. Treasury bond securities in this case. This fund sets out to keep pace with inflation, which is one of the biggest eaters of your returns. We'll talk more about that later. Obviously, the risks with this fund are also associated with changes in the inflation rate, which is changing in 2021.

The S fund

This one is similar to the C fund. However, the S fund sets out to mimic the Dow Jones U.S. Completion total index fund. Returns are derived from dividends and individual stock prices. Associated risks come from the total Dow Jones performance as well as individual stocks and inflation.

The I fund

This one mirrors the Morgan Stanley EAF (Europe, Australasia and Far East) foreign exchange fund. It invests in individual stocks, indexes and currency. It is subject to gains and losses associated with all of these. In particular, because this fund invests in forex (foreign exchange currency) the returns may fluctuate based on the performance of the U.S. dollar as well.

The L fund

The Lifecycle fund takes a bit of a different tack than the others. This one invests in all of the other funds – a mix of the C, F, G, I and S funds. It takes into account how many years you have left until retirement and how much risk you want to take. This one lets you choose how much risk and therefore, how much potential return you can get. The risk of course comes from how all the other funds are performing.

So those are Frank's options, and there is no guarantee against loss, as there really isn't in anything, for the most part.

The TSP Rules

There is some very good news coming out of Washington when it comes to your TSP.

There are two rule changes which will have a dramatic effect on your options for retirement or minimum withdrawal.

Prior to the pandemic in 2019, there were two big changes. These new(ish) rules should help participants and offer more options, whether one decides to stay in the TSP or move into a self-directed IRA.

The first of these is that the age-related withdrawals are more flexible. Before, when one reached 70 ½ you had to take a single lump withdrawal each year. Now, participants are able to take one every 30 days.

Secondly, when you decide to move money from your TSP into a self-directed IRA for example, you can choose the amount to move. In the past, you had to move the entire amount in one lump sum. These are great changes because you now have more options open to you.

And that's what this guide is about, having you take control of the investment options that are right for you both now and for your future. You may be wondering why change from the TSP at all. Well, let us dive into some of the reasons to become more proactive with your retirement money. The next section will deal with the volatility of the market and how you can utilize the new changes to the TSP and your personal circumstances to grow and preserve your wealth.

Buckle Up! Market Roller-coasters Ahead.

If there's one constant in the universe. It is change.

Change is inevitable and not always beneficial. When it comes to money, this is more often true. One of the biggest flaws of the TSP, and frankly other retirement accounts like the 401(k), is that they're entirely tied into a single market, or a single type of market, at least.

Not only does the TSP tie itself into Wall Street, it is also tied to foreign markets and the bond market as well – which is more or less the stock market, too.

Now I'm not trying to say that investing in stocks and bonds or even foreign exchange currency is a bad idea. If done properly, and most importantly – at the right times, this can be very profitable.

The risk comes when you simply park your money in the stock market and let it sit and hope for the best. Time is not always your friend when it comes to investing. That is true whether we're talking about stocks, real estate or any other type of investment. Now what we mean by that, actually, is that extended periods of time in which your money sits in a single market isn't your friend. Because as many things appreciate over time, they're also subject to dip and experience even major corrections and crashes.

Financial markets are like roller coasters, and the time to be in them is when the coaster is rising. The time to get out is at the peak just before the coaster drops. The very worst time to get out is exactly at the very best time to get in, when the coaster is at the bottom of a drop.

Let's visit our pretend buddy Frank Modelman for a moment. I'd like to use Frank to illustrate how simply parking your money in the stock market may not work out for everyone. Remember, Frank's whole situation is flexible. This is one of those times when we're going to make things difficult for Frank.

Frank's Market Drop!

In this scenario, Frank started working for the postal service in 1976 at the age of 30.

Like all good government employees, he started putting money into his TSP right away. Frank worked hard, went through the ups and downs of the market and kept squirreling away his nuts.

Frank's big plan was to retire early, if he could, sometime around the age of 62 or in 2008. As a result, he put the maximum into his TSP for 30 years with the idea that he'd quit the postal service and he and his wife would travel and enjoy a great retirement. By the time he was 60, Frank had just under $1 million in his TSP. His wife had about the same in her 401(k). They were very excited, because with around $1.8 million, they could start taking a 4% distribution in two years which would give them a nice $72,000 gross annual income.

But hold on! The coaster is about to take the big plunge! Unfortunately for Frank and his wife, their retirement accounts were tied into the stock market. Why do we say unfortunately? Because when Frank turns 60, it also happens to be 2008. Do you remember the fall of 2008? That was when the Dow Jones began its historic collapse. That was when people lost billions in the market, including Frank and his wife.

One day in the fall, they went to work with $1.8 million in their two accounts, and by the time they got home, they'd lost a significant amount of money. Suddenly, their impending retirement income had gone from a nice $72,000 to substantially less in the snap of a finger.

Sure, this is a made-up example for the purposes of illustration. Yet sadly this scenario was all too real for millions of working Americans back in 2008. It happened, it was real, and we're still feeling the sting of it today. Just think if you were planning to retire in March 2020!

Now hold on, you might say, sure, the market crashed but it also came back. That's true, which shows the volatility of the market. So if Frank had left his money in, it would be somewhere around $1.1 million now, and so would his wife's. But that also means that Frank and Marie, let's call her, are still working today just so they can wait until the market has restored their money from where it was 13 years ago. Also keep in mind that the value of the dollar buys much less today than it did before the market crashed in 2008.

So much for early retirement. And what happens next time? Let's not fool ourselves, another market downturn is coming. It is inevitable, like the tide. Markets run in waves, and all waves grow, break and crash, right? So your TSP's total value is tied to whatever market in which you are invested. For example, if the Dow is valued at 30,000, and you own 80 shares of it, let's just say for simplicity. Then your total value is $2.4 million. If the Dow drops to 10,000, then your total value is $1.6 million, right? That can really hurt by a whopping $800,000, which translates to a big hit in your annual income in retirement.

And there's another factor to consider. Not all stocks survive crashes. Certainly not every company that was listed on the Dow in 2008 is still there and of course there are new ones.

Suppose, for instance, that 20% of Frank's TSP is invested in company XYZ. After the crash of 2008, Frank's TSP value goes to $500,000, but company XYZ then closes its doors. XYZ went bust and suddenly Frank's TSP is worth only $400,000.

So there's no guarantee that if you simply wait long enough, your lost money will magically come back! All markets go through this type of cycle. This boom-and-bust cycle is nothing if not consistent in the stock market as well as other speculative markets. If you remember, for instance, real estate prices began to skyrocket back in 2004. Home prices went through the roof and a lot of banks were writing crazy loans for people who couldn't afford what they were buying. It seemed like anybody with a job could get a loan. Invariably an adjustable-rate mortgage or a short-term interest only loan. Couples with a combined income of $70,000 were buying $400,000 and $500,000 homes!

It was madness and it couldn't last. And it didn't, as you recall. By the summer of 2006, the coaster was already cresting. What's truly sad is that folks still didn't see it and kept buying these inflated properties that they couldn't afford. At the same time, these ARM loans were shifting to a fixed rate and the interest-only loans were also shifting to standard. Suddenly, the $1,000 mortgage payment for hundreds of thousands of new home buyers was doubling, tripling and even quadrupling – and do you remember what happened?

By 2008, real estate prices were plummeting. And then the stock market plunged as our entire financial system was tested. It was a perfect storm of financial chaos. And many investment experts have recently come out to say the systemic change that was needed in following the financial crisis was not changed and sorry to say, we're back where we were a dozen years ago. Real estate prices are high, the stock market has been in a bull mode for more than a decade and the economy is just quivering for an adjustment. This isn't doom and gloom, it is just how things go. The trick is knowing how to see these trends and adjust yourself accordingly.

That's why diversification of your retirement assets is so important. That is when the time comes, you will have moved out of your TSP into a self-directed IRA, so you can not only avoid the pain of market crashes and in fact profit by them. Because there's another market we haven't talked about yet that zigs when the stock market zags – and that's precious metals. Typically, when stocks, real estate, and other dollar-denominated assets are up, metals move in the opposite direction. And the reverse is also true. Let's look at another scenario with our friends Frank and Marie.

Frank Goes for the Win!

So Frank's hard work is paying off. He started working with the postal service at age 30. His goal is to retire at age 65 in 2010. Inching closer to his goal, he suddenly finds anxiety setting in. He and Marie are both getting nervous. Rather than sharing their plans of enjoying their retirement and more time with the grandkids, they've now read a few books and noticed that the real estate market is going crazy. It's 2007, the stock market too seems to reflect the health of the U.S. economy. But is that reflection a mirage?

Reading a few finance periodicals, Frank senses that the winds of change are beginning to blow and that he needs to be proactive rather than reactive to the market this time, especially in remembering the markets of the early tech boom and bust in 2001. He and Marie have a kitchen table conversation. The conclusion is to hedge the market moves. They see that silver prices are hovering around $11 per ounce. Frank had read that whenever metals are low, the stock market is riding high. A market crash in the next few years could severely impact their retirement savings.

They decide to open a self-directed IRA and both of them decide to move a portion of their respective TSP accounts and into separate IRAs. Right now, they are both at the minimum age that they can start withdrawing from retirement accounts. So instead of withdrawing and putting the money in a low-paying savings account or CD, they decide to use the funds to purchase silver. (Note: Although this is a fictitious example, the silver prices here are based on real historical data.)

Of course, in the fall of 2008, the market tanks and the money they've got in it drops by almost 50%. The U.S. stock market, as measured by the S&P 500 Index, ended the year down 37%.

But what about silver and other precious metals? Did they zig when the market zagged (or flagged!). The price of silver by the end of 2007 was up to over $13 per ounce. By 2010, the spot price of silver topped out at about $20 per ounce – equaling a rise of 7% as the U.S. stock market index averaged gains of roughly half that.

As it turned out, silver was worth a substantial amount. After commissions and other associated fees with the sale, they add the receipts from the sale of their silver back to what's still in the market and now have a lot more on which to retire than if they would have ridden out the storm in the stock market. With a 4% distribution, we estimate that Frank and Marie now enjoy an annual income of over $100,000. That's more than twice of what they would've had in our initial scenario even if the stock market hadn't crashed.

Together, Frank and Marie learned a valuable lesson. They've learned to watch the trends and have learned to diversify with their money accordingly. They now know not only how to grow their wealth, but how to preserve it for a brighter and more secure future too.

They learned the value of the self-directed IRA. They took charge of their financial future by having more investment options to choose from.

In a self-directed IRA, you can invest in:

- Stocks
- Bonds
- Real estate
- Precious metals
- Mutual funds
- Debt (yes you can buy loans that pay interest)
- Cryptocurrency
- Private investment in businesses

Essentially in such an IRA you can invest in a wide variety of financial assets. At Red Rock Secured, we've helped a lot of our clients effectuate transferring their TSP and into a self-directed IRA. We've helped them put into action their decision to diversify a percentage of their retirements into precious metals and given them the power to choose their own diversification methods. Next, we'll explore how the precious metals markets work and how they work as hedge against market volatility.

Money & Retirement

"The person who really wants to do something finds away; the other finds an excuse."

- John Templeton

Another pithy quote offers a simple maxim in making one's retirement goals: "Buy low, sell high. Retire early." If only it were so simple. The quotes abound regarding money and wealth too.

Money as they say makes the world go round. It is said that it can't buy you love, and it can't buy you happiness. And a few decades on this earth will teach you that one can both be unhappy and happy with little money. Most of us would prefer to be happy with money though!

This is because while money can't buy you love, it certainly opens up more doors, doesn't it? Whatever philosophy you choose to believe, there's no escaping the fact that money does indeed make the world turn. Everything costs money, so we've got to have some in order to eat, shelter ourselves and get around town.

And maybe a bit more to spend on the little and big things that make our lives enjoyable. Since we all need money, and we all, or most of us, work for it, then doesn't it make sense that your money also works for you? That you place your savings in the best possible position to grow as well as preserve your wealth for the future?

Let's take some time to briefly explore money – what it really is, how it really works and how you can protect yourself against the many people and things that seek to erode your savings and limit your buying power.

Money: A User's Guide

On a very basic level, everyone in this country knows what money is. It is green pieces of paper and metal coins that you can exchange for goods and services. In other words, legal tender.

In this modern age of wireless technology, money also comes in the form of electronic signals that transfer it from your bank to the retailer instantly. Or in the form of credit, of course. Yet all of this is basically just a way to access what we know as money. An established means of trading goods and services. We have an ingrained understanding of what things cost, don't we? We see a car or a house or a can of Coke and we instinctively know about how much it will cost, right?

Yet, there's some hidden secrets about money that constantly change this perception. Think back 10, 20 or even 40 years and try to remember your perception of what things cost then.

It is quite different, isn't it? Back in the late 1970's, for example, an average family sedan cost around $4,000 or so. An average three-bedroom, two-bathroom home might have gone for $55,000. A can of Coke went for about 35 cents. Doesn't that seem strange?

Why do things cost so much more now than when you were a kid or a young adult? Your immediate answer is inflation of course! True. But why do we have inflation? Why is it, that if our money has an established value, the costs of things keep going up and it seems as if even when wages go up, our buying power isn't quite matching the increase?

The answer is that our money isn't really money, not in the true sense of the word, anyway. Long, long ago people used to barter goods and services. One guy might be a good hunter and he'd trade meat or skins for things he needed.

A woman in his village may have been very good at making clothing from hides, for example. So he'd trade her some meat for a new tunic. She might trade her skills for somebody who was very good at scavenging edible plants and so on.

As human beings began to move out of the Neolithic period, they began to form communities. Rather than simply wandering across the land and living off of it, in forming communities these early humans found many more needs arose. For instance, it became harder for everyone to do all the jobs that were required to take care of their families as well as the community. So, while there was still bartering, there needed to be a more efficient way to exchange. This would allow more specialized skills to develop, for example.

Somebody got the brilliant idea to use a certain thing as a medium of exchange. They would establish the value of the thing based on the time and effort it took people to do certain activities. For example, hunting, skinning and cleaning a bison might be worth 20 pebbles. Of course, the problem with using pebbles or sticks or something was that they were too common. Money must be made of a rare substance that wasn't easy to come by. Further, it must be molded into a form that made its purpose clear and this process, too, must be difficult.

When gold, silver and copper were discovered and worked, people found that these were good materials from which to make coins. The metal was rare, hard to come by and so were the coins hard to make. For thousands of years, money was essentially made from precious metal. Not only did the money have value based on what it could buy, it also had intrinsic value. The coins were valuable just because of the precious metals from which they were made.

The problem with this arises when a society gets very large. There just isn't enough gold or platinum or even silver to back the enormous amounts of cash that a large country needs. This was a big problem in the United States following World War II, for example. Our economy was growing, and we just didn't have enough gold in Fort Knox to guarantee the value of every dollar bill that was printed. As a result, President Nixon took us off the gold standard back in 1971. This way, the government could print more money. However, this turned our money into what's known as a fiat currency. Basically, our money is now only money because the government says it is, not because it has any intrinsic value. Even our coinage, isn't pure precious metal anymore.

So what happened after the U.S. moved off the gold standard? You may recall, that inflation began to take off, for one. In fact, the current debate among economists is will the American economy look like the high inflation of the 1970s or will it be even more dire as some have speculated and look like the Weimar Republic of Germany in the 1920s. This is because the Biden administrations massive spending spree that has the power to essentially double the U.S. government debt.

The remarkable surge in federal borrowing is due to the more than $4 trillion in spending approved by the federal government to fight the coronavirus pandemic since March 2020. Another infrastructure package could add almost another $2 trillion to the tab, as of the writing of this guidebook.

According to the non-partisan Congressional Budget Office, the U.S. government's debt burden in 2021 will be larger than the size of the total U.S. gross domestic product, which is a measure of all goods and services in the economy. In 2020, this was the first time this had occurred since 1946, after the country welcomed home soldiers from World War II and spent on the G.I. Bill and other infrastructure measures.

The debate in Congress continues about whether all this is prudent spending. The U.S. Federal Reserve, meanwhile, is keeping interest rates low in a bid to stimulate inflation in order to jumpstart the economy.

Right now, inflation, as measured by the U.S. Labor Department, stands officially at 2.6% annualized, just shy of where it was in 2011. Some say the actual figure is higher, but either way, the power of your dollar to purchase goods and services is diminished by at least roughly 3% over the past year.

Think back though, to the glorious age of disco and compare that cost of living to now. That same can of coke now costs three-times as much or more. The average family car may now cost between $25,000 to $35,000. And depending on where you live, the cost of a modest three-bedroom, two-bath house will cost you anywhere from $200,000 to more than $500,000.

Inflation is a term that refers to the costs of living and doing business. And yet, inflation causes the deflation of the dollar. Every year, your buying power decreases while the costs increase. It is an unfortunate reality of modern life. It is also one of the reasons that consumer debt is at an all-time high.

As people's buying power drops, they have to borrow in order to acquire the same goods and services that their parents and grandparents could easily save for. But the devil is in the percentages.

Let's take a look at Frank and Marie's situation as an example.

Frank and Marie decide to buy a brand-new plasma TV for $2,000 and charge it to their MasterCard. The credit-card charges 21% interest. Suppose it takes the Modelmans two years to pay for that TV. The money costs them an additional 6%. So the real cost of that TV is more like $3,000. Imagine what a car or house actually costs?

This is the reality of economics. It is important to understand these things because when it comes to retirement, you've got to make the kinds of choices that don't allow your money to get sucked away by inflation or by spending too long in a volatile market situation and taxation, too.

TSP, Inflation and Taxes

Let us illustrate the long-term economic impact for you using good old Franky again.

Suppose that Frank starts a TSP using a safe fund with an average growth rate of 5% annually. He starts with $10,000 and lets it grow for 30 years adding $6,000 to it every year. He'll end up with a balance of $461,000 or so. Let's also assume that inflation rises at an average of 5% annually. When we do the calculation and adjust for inflation, Frank still ends up with $461,000, but his buying power is equivalent to $188,000 at today's buying power level.

And he only did that good because his funds compound and inflation only accumulates. But do you see the problem? Frank's $461,000 is only worth about 40% of what it should be simply because of inflation. Sadly, this isn't the only bad news. Frank is going to eventually pay taxes on that money because it was initially drawn on a pre-tax basis. And the taxes are based on the dollar value of his account. So, let's suppose that Frank is in a 30% tax bracket. That means that over time or in a lump sum, when taxes come due, he'll owe $150,000 on that $461,000 or so. It also means that his buying power, after taxes, is now reduced to something like $120,000!

So, what can Frank and Marie do? How do they protect their money from rampant inflation so that they can enjoy at least something close to the same buying power when they retire as they do now?

They need several things. First, they need an investment that typically outpaces inflation. Something that grows their savings enough so that at the time they need to start taking their RMD, they can have an income at least equivalent to if not greater than the one they had while they worked. There are many vehicles to do this other than simply pumping every dime into stocks and bonds for 40 years.

Again, we are not saying you shouldn't do this, what we are saying is that it may be a good idea to diversify a portion of your retirement funds at 59 ½, which is the earliest you can move from the TSP and into a Self-Directed IRA with more options. There are several vehicles to invest in which can deliver far greater returns than the pitiful single digits of most funds.

There's real estate, investing in a business and of course precious metals. Capitalizing a business can deliver huge returns, yet the risks of losing the money are also equally great. Real estate can be a good vehicle because it offers both income and tax advantages. However, it can be risky as well. In our opinion, there's one type of asset which can offer a good balance between growth and preservation, and that's precious metal. In the next chapter, we're going to explore precious metals in more detail and we will explain their true power as both short and long term retirement assets.

Metals & Retirement

So what is it about precious metals anyway? Why do we focus so much on it here at Red Rock Secured?

Well, precious metals, which generally refer to gold, silver, platinum and palladium, come with several built-in mechanisms and attributes which make them attractive to investors as well as preserving what you've worked so hard to build. As we've already seen from our examples in the previous chapter, there are many things which eat away at your retirement dollar's purchasing power. There are taxes, of course. There is inflation and of course there are major shifts in the markets in which you invest.

In our experience and in my opinion, precious metals offer the best all-around method for preserving wealth, as well as incredible growth opportunities. In order to explain that, we need to examine what wealth means in a little greater detail.

Before we go on, it's not a bad idea to define wealth.

Wealth is one of those words that can mean different things to different people. To some, wealth means being rich and financially free. Essentially, wealth is the number of days you can go without working and still meet your basic expenses.

For example, if your average monthly expenditures – mortgage, auto loan, groceries, and utilities and so on are $5,000 and you have $2,500 in the bank, then you have 15 days of wealth. If you had $15,000 saved, then you would be considered to have three months of wealth.

If, on the other hand, you had passive income coming of $5,000 or more, then you are living with "infinite" wealth. Basically, your monthly income arrives without the need for you to work and meets or exceeds your expenses.

This is also known as financial freedom. This is what you want from your retirement account. That it grows large enough to exceed your living expenses for the rest of your life, giving you financial freedom.

In order to achieve this, we must understand the nature of wealth and the three parts that make it up. To put it simply, wealth consists of three components. There is the creation of wealth, the growth of wealth and the preservation of your wealth. This last is arguably the most important, and it's also where most people have a great deal of trouble when it comes to their retirement.

Why is that? Well, let's look at the three parts, shall we? First, there is the creation of wealth. That is fairly easy. Or more accurately, it is easy to get started. Every bonfire starts with the single strike of a match, right?

If young Frank Modelman has just started his first job with the post office at age 22 and sets up a TSP in something like the L fund, he has just created wealth. Or at least the potential of wealth.

Let us create a quick example. Say Frank starts his TSP with $1,000 and adds $100 per month until he turns 70 ½. That's $1,200 per year for 48 years.

- Initial balance: $1,000
- Annual contribution: $1,200
- Average rate of return: 8%
- Value of the TSP at age 70.5: $675,000

That's more than 12 times the $59,000 or so that Frank contributed over his working life. So even doing very little, Frank has created some wealth for himself. And although $100 per month when he's first starting out may be a bit hard, $100 per month when he's 40 should be nothing.

In reality, the contribution amounts would vary based on income and so forth. Then there's the next stage of wealth – the growth stage. In our previous example, we've seen how Frank has already done that by putting his money into a fund that compounds at an average of 8% per year. Of course, while $675,000 seems like a lot, if you figure in a 4% RMD, that only gives Frank $27,000 gross income per year after 70.5. And as we've already explored, he's got to pay taxes on that income as well as adjust for inflation.

So while he has grown his wealth, it's not that great, is it? Even so, growth can be improved immensely in a variety of ways. The simplest way, which is the one that most people use, is just to pump more money into the fund. For example, let's suppose that Frank's contribution is $2,400 annually. This is an average over 48 years. Like we noted earlier, at age 22 he probably won't contribute much, but as he gets older and earns more, he can increase it. So here's what he ends up with starting with $1,000 and putting $2,400 in each year until 70.5 – $1,350,000. That's twice as much, as you'd expect. Now Frank has a $54,000 annual income. Maybe not living high on the hog, but better, right?

Wouldn't it be nice if he could increase his growth rate through diversifying? Get a boost to his retirement value? Well, there is, and it also happens to be tied directly to wealth preservation. Preservation is the most important feature of wealth. Because keeping what you've earned allows you to keep on living the way you'd like, naturally. That's a big problem with the park it and forget it mentality of most government-created retirement plans. They want you to dump your money into stocks and bonds and leave it there for decades.

Your money trickles in while it's being used by big companies to make billions and by the government to secure it's less than efficient financial practices. Let's look at another quickie example.

Suppose that Frank does what he's done – starts with $1,000, adds $2,400 each year and invests in an 8% annual-returning L fund in his TSP. But Frank, being a bit more savvy, and decides that he's going to move his money into an self-directed IRA at 59 ½. At that age, he'll have $543,000 in his TSP.

Frank diversifies a portion of the account to buy silver because at this fictional time in the future, silver happens to be going for $10. Frank moves a portion of his TSP into silver and leaves the balance of the account in his mutual funds. Five years goes by and when silver rises to $30, Frank can now enjoy a substantially higher annual income simply from one shift over his entire life, and this can be done many times over. This is the power of precious metal, which we will discuss now.

The Power of Precious Metals

"Never act on wishful thinking. Act without checking facts and you will be swept away with the mob."

– Jim Rogers, well-known commodities trader

In the beginning, there was hydrogen. Hydrogen, being the only building block of any real matter, coalesced in the early universe into very large stars. These stars fused this hydrogen into helium and thus fused helium into carbon and oxygen.

However, that's about all you can get even in the incredible furnace of a blazing star. So where do the heavier elements come from? Where do we get iron, uranium and of course gold?

Well, there is one way in which a star can manufacture heavy elements that include those we find most precious. And that's when a giant red or blue star goes supernova. A supernova is one of the most powerful and brightest explosions in the universe. Supernovas are so brilliant, for example, that when one occurs, it can outshine all of the stars in its home galaxy combined! There is a type of supernova that actually allows us to accurately determine the distance to galaxies tens of billions of light years away. To literally see back to the universe's infancy!

It is in the death throw of giant stars, where the fuel begins to dry up and gravity finally collapses the stars that a compression of gases so intense that it's virtually impossible to contemplate occurs. Heat in the billions of degrees is generated and it is in this unimaginable furnace that lighter elements are fused and then blasted into space by the trillions of tons to scatter into the dust clouds of other as-yet unborn stars and planets.

Thankfully for ancient kingdoms and investors alike, our own little humble Earth was such a beneficiary of this seeding. Interestingly, it wasn't until about 3,000 years ago that the common precious metals – gold, silver, platinum and palladium began to be used as currency. As we mentioned previously, their main benefit is rarity and malleability.

The precious metals are relatively soft and can easily be pounded into sheets, drawn into wires and poured into the coin of the realm. Up until Nixon's decision to take us off the gold standard back in 1971, gold hovered around $35 for quite a while. However, once our money became disconnected from gold and silver, these metals began to take on a life of their own as precious and tradable commodities.

By 1980, gold was around $850. Imagine the lucky folks who held a few dozen or even a few hundred ounces in Nixon's day. They made a killing by the beginning of the 1980's.

So, what makes gold, platinum, silver and palladium so popular and so valuable? Part of the reason is again the rarity. Nearly all of the known gold that has yet to be mined today is hoarded. It is in the form of bullion and jewelry.

Although of course it does have industrial uses, too. Secondly, these precious metals come with intrinsic value. This means that they hold value in and of themselves and not merely for what can be made of them. In times of economic turmoil, then, precious metals tend to rise rapidly in value because of their perceived value as well as their tradability.

This is not to say that precious metals don't fluctuate. They certainly do. For example, gold was trading for only $250 back in 1999. However, like silver, gold had an explosion in value back in 2011 where it was trading for nearly $2,000. Think of that – what if Frank bought 400 ounces of gold in 1999 by 2011, his gold would've increased by over 500% and been worth several hundred thousand dollars. Kind of makes your mouth water, doesn't it?

Metals are a great hedge against inflation as well as recession and depression. Because, it's been proven that when paper assets like stocks and bonds do well, people want them because of their ease of transfer. On the other hand, when paper assets lose value, so too do people lose confidence in them and want precious metals instead. We most recently saw that in the metal markets during the pandemic last year. So it only follows that the worse things get financially, the better things get for the holder of precious metals. A stock may go to $0 because a company closes its doors, but metals never do because they have built-in value which only increases with economic instability.

What Metals Should You Buy?

That's a hard question to answer and truly one you should decide for yourself. At Red Rock Secured, we can offer you a variety of options to choose from. In order to help make things clear, let's briefly discuss the four most common investment metals.

Obviously, cost and physical storage space comes into play. Gold costs more than silver and takes up the least amount of room as a result. Silver, at the other end of the spectrum, is relatively inexpensive compared to the other three, yet the same amount of silver takes up more room. Gold is of course the most well recognized and is a good hedge against economic changes.

While gold doesn't fluctuate as much as silver, for example, it also doesn't tend to drop in times when it's not as desired. Gold holds its value well. Your gold won't drop far, but the odds of doubling or tripling your gold value is low as well.

In other words, silver has far more upside potential. Platinum and palladium are used both in jewelry and in industrial uses. Platinum is rare and can often exceed gold in price. Palladium is also rare and is becoming more and more drawn upon in the automotive industry. In fact, the demand for palladium has surpassed the current supply, making it quite valuable. Like the others, silver is used in jewelry as well. However, what makes silver interesting is that it is only a fraction of the cost of the other metals, even in times of high demand. Additionally, because the demand for silver in industrial uses is so high, it is considered a consumer metal.

Silver's big advantage to new investors is its low barrier to entry and large increases in value. As mentioned, silver hit an all-time high of $48 in 2011. As of the time of this writing, it was hovering around $16. There's a quick overview of money and metals and how they relate. Next, we're going to explore what forms of precious metals you can invest in and what you should look out for when choosing what to buy.

Things to Watch Out For

Now that you've got a good idea of the power of moving your money as well as ways to use precious metals to boost and preserve it, we should talk about your options.

This guide is intended not to be a consultation nor to push you into something specific. Its purpose is to provide you with information to help you make the right decisions for yourself and your family. Obviously, we are proponents of precious metals. We've worked with clients in this space for over ten years. However, the metals and their performance and built-in values speak loudly for themselves.

Of course, there are many options, both in which metals you may choose as well as in the forms in which they come. Further, there are other ways to invest. In this short chapter, we're going to explore these options as well as give you some information to use as a caution. There are some options available which, in our experience and in our opinion, aren't very good. Let's explore them now!

Metals Take Many Forms

Although we primarily focus on gold, silver, platinum and palladium, there are other precious metals in which you can invest. There's tin and of course copper. We don't deal in these, mainly because we don't believe they offer the best values for investors. Copper, while widely used, is very inexpensive and you'd have to acquire huge amounts and have them stored for you.

On that note, let me pause for a second and mention the two options you have for keeping your precious metals. You can purchase them and have them sent to you directly, of course. This way, you can physically hold them in your hands. Many investors like this, especially with the higher value metals. As mentioned, a large purchase of gold, palladium and platinum can easily be stored in a home safe.

For example: Suppose Frank wants to spend $100,000 in precious metals. Should he purchase gold at current prices, he'd receive over 60 ounces of gold, or just around four pounds. Almost four pounds of gold would be about the size of a thick paperback book.

On the other hand, the same amount of silver at current spot prices (as of this writing, $18.18), equals around 6,000 ounces or around 378 pounds! That much silver would probably be larger than your stove!

The other option is to have your metals stored for you. This can be done at your local bank in a safe deposit box, or perhaps multiple boxes depending on what you've invested in. Or you can have it stored by a third-party custodian, for example, at a very nominal fee. It's secure and you always have access to the metals.

Yet how would you invest in metals? In what forms? Essentially, precious metals come in four distinct forms, which we'll outline below.

Common Bullion

Bars and rounds are the most common form of bullion. Common in that investors who are new to precious metals investing tend to gravitate to bars and rounds based on inexperience and lack of knowledge concerning other available options.

Bars, also called ingots, are a refined metal of any shape that is made by a bar producer meeting standard conditions of manufacturing, labeling, and record keeping. Bars come in a wide variety of sizes, from as small as 1 gram in gold to as large as 1,000 ounces for silver.

Rounds are produced in the same way as bars, but are often limited to 1 oz. size. While rounds provide more divisibility than larger metal bars, it is important to note that rounds are simply circular pieces of bullion that are not coins. They offer no monetary value other than the value of the metal based on weight. This can affect the long-term profit and growth of the asset and its eventual resaleabilty since it does not provide the functionality of a currency piece as Monietized Bullion does.

Monetized Bullion

What differentiates Common Bullion from Monetized Bullion is that these assets provide recognized monetary value in addition to basic intrinsic value. Monetized bullion is coins that are manufactured from gold, silver or other metals and that have been or are used as a medium of exchange in this or another state, the United States or a foreign nation.

Monetized Bullion is produced by known mints – the United States Mint, the Royal Canadian Mint, for example – which is one of the key requirements for the asset to be recognized and accepted as currency. While most Common Bullion bars and rounds are manufactured by private companies, all Monetized Bullion is produced by government mints.

Some common examples of Monetized Bullion are the American Eagle and Canadian Maple Leaf. Because Monetized Bullion provides monetary value and functionality as a currency piece, whereas Common Bullion assets like bars and rounds do not, long-term growth and profitability can prove much greater as investors seek to acquire assets that enable them to cover all of their bases -- as an investment as well as a potential crisis instrument should they need to use their metal as an alternative to the dollar.

Monetized, Limited Quantity Bullion

More often than not, Monetized, Limited Quantity Bullion is the preferred option when building a precious metals portfolio for long-term profit, growth, and security. Similar to standard Monetized Bullion, these assets are government mint produced – mainly in the form of coins created from gold, silver or other metals that can be used as a medium of exchange. Monetized, Limited Quantity Bullion also functions as an investment and a potential crisis instrument. When evaluating an asset's potential for profit and growth, there are a couple of key factors to keep in mind: supply and demand and investor demand. As with most investments, the higher the demand and the lower the supply, the higher the potential price and return on investment.

While there are many similarities between Monetized Bullion and Monetized, Limited Quantity Bullion; a key differentiator that contributes to how the assets appreciate in value in the long term is mintage population. Standard Monetized Bullion, like the American Eagle and Canadian Maple Leaf, are produced in significantly higher quantities than Monetized, Limited Quantity Bullion. Whereas standard Monetized Bullion can increase in price based on just two factors – intrinsic value and monetary value -- the additional variable of limited supply size can cause Monetized, Limited Quantity Bullion to move in value faster. There are several examples of Monetized, Limited Quantity Bullion available for investment purposes. Determining the right one for you should be based on what serves your interests best.

Numismatics

The fourth category, Numismatic coins, has an external value above and beyond the intrinsic value of the precious metal, based on rarity and collectability.

Sometimes they are valuable because they are historical, one-of-a-kind, have special marks, or were minted in an out-of-the-ordinary way. There are many factors that can add value to a coin to put it in the category of numismatics, but they are all generally valued for being of an exceptionally small population, similar to fine art and collectible cars. Because of this, Numismatic coins can increase in price rather well above their basic metal value. Of course, since their perceived value is based on whatever a coin collector is willing to pay for them, they can also drop in value and demand rather quickly.

Another concern related to Numismatic coins is the additional cost required in obtaining them, and whether or not that will be recouped during resale. Lastly, although Numismatic coins also provide monetary value, they, unlike the previous options noted above, are not ideal for use as a potential crisis instrument. In a worst-case scenario, one in which metal must be used as more than an investment but as money and a tangible safety net, the rarity and collectability of Numismatic coins may not cause them to be more valuable than standard Monetized Bullion and Monetized, Limited Quantity Bullion. Acquiring Numismatic coins is not necessarily a bad decision. As with the other options discussed above, investors should be aware of the pros and cons of each category before deciding what to acquire. You may already know that there are other ways to invest even in precious metals without having to take possession of any metal at all. We believe these aren't very good investments, and the section below explains why.

ETFs and Annuities

In this section, we want to at least be somewhat fair and show you both the advantages and disadvantages of these two forms of investing. We don't like either for the most important reason – you give up control of your money to somebody else. We've always believed that our clients' money is theirs, and only they have a right to decide what happens to it.

Let's begin by talking about the advantages of an Exchange Traded Fund (ETF). One advantage is that they can be traded relatively quickly. And because of this, investors with small amounts of money can get in very cheaply.

It's possible to actually buy 1/340th of an ounce of gold, or the ETF equivalent. Of course, this last is also a big disadvantage, too. Buying 1/340th of an ounce of gold isn't all that great. Why? Because whenever a security is bought or sold, there is a brokerage commission. Or a trading fee if you're a do-it-yourselfer. Also, ETFs are paper securities. They are based on an underlying asset, but they aren't the assets themselves.

In many cases the price of a particular ETF is separate from the price of the underlying asset. There are controls in place, but sometimes these fail or are delayed. Another negative is that an ETF transaction isn't instantaneous. There is generally a two-day waiting period before ETF funds become available after a sale.

Honestly, if you're going to invest in precious metal, then doesn't it make sense that you actually get the metal? Whether it's in your own hands or held in a storage facility, you have access to it. Further, as your metals provider, Red Rock Secured can help to facilitate an acquisition and/or liquidation quite easily.

Let's take a look at annuities. Annuities have become very popular with folks who are retired or near retirement because they offer a sense of financial security.

Here is essentially how an annuity works:

01. You give your money to a life insurance company, for instance. In return, you receive an annual income.

02. Depending on the type of annuity, you might continue to receive this percentage even in a bear market, within reason of course.

There are several types of annuities out there, but they work in essentially the same way, with a few qualifiers. The first is that you don't get your principle back without incurring a penalty.

Most annuities have a surrender fee that goes for seven years. The fee starts at 7% and generally goes down by 1% per year. The second drawback is that the younger you are when you purchase an annuity, the lower your annual ROI. Conversely, the older you are, the higher the rate tends to be. That sounds good, unless you have the bad fortune to die before you'd like. If so, you lose the principle and the payments.

One final issue that we observe when it comes to annuities is the flip side of the biggest benefit. Suppose you purchase a $1 million annuity at the age of 60 with a supposed 5% annual rate of return. The company is using your money to invest in the market, and even if the market dives, you still could receive the 5% per year, depending on the type of annuity you own.

Sounds good, right?

What if the market takes a huge leap forward and triples in value over five or ten years? The frustrating answer is that your $50,000 does not increase to $150,000. It remains at the same 5% rate. This is a good example of what happens should you choose security overgrowth.

Cryptocurrency

One final point we need to address is the relatively new concept of electronic fiat currency, or cryptocurrency.

The most widely known and popular being Bitcoin. About a decade ago or so, some technology gurus decided that a new form of global currency should be created. One that was not sponsored by or controlled by any single governmental body. An interesting and not a bad idea, frankly. The problem, of course, is how do you control this currency. How do you keep other whiz kids from hacking it and getting filthy rich with just a couple of keystrokes? The answer was the blockchain.

Now we are not going to do a whole explanation of the blockchain. Frankly, not many people can, it's that complicated! Basically, though, the blockchain is an enormous encryption that is dynamically created and grown. It ensures that a finite amount of Bitcoin, for example, has been created and can be traded. It limits the number of coins and therefore, establishes value. A few years ago, the "real world" started to recognize crypto, Bitcoin in particular, and allowed for the exchange of these virtual coins for real goods and services. In fact, you can actually purchase precious metal bullion with Bitcoin now. The problem with cryptocurrency is that, as you'd expect, there is a confidence issue with it.

While bitcoin enjoyed a high price of near $20,000 per coin just a few years back, at the time of this writing, it has soared to $50,000 to $59,000. Yet a dip in value of even $10,000 can shift the market by hundreds of billions of dollars. There has been a consistent roller coaster trend in crypto over the past few years due to speculation.

Does this mean you shouldn't buy?

Not necessarily. Like all markets, digital assets rise and fall. However, there has been a huge influx of new "coins" over the past few years as well, and this may be contributing to a dilution of value. Again, these are just some notes for you to consider when choosing how to manage your money. We're happy to elaborate with you on this, of course. However, we prefer to do this over the phone so that we can truly understand your circumstances and how to best serve you.

Reviewing the Options

We hope by now you've got some good information to think about.

We've attempted to explain both the reasons why many believe that precious metals should be a part of a retirement portfolio. We've illustrated how moving a percentage of a TSP into a self-directed individual retirement account can be a good move in helping to control your future. We've talked about market trends and how to read them in order to create, grow and preserve your wealth.

What does the future hold? The truth is that nobody has a crystal ball. There's no absolute perfect formula for financial success. However, the point of this guide is to give you more power to make the best decisions for yourself, your family and your posterity. The one thing that is absolutely certain, however, is that change is coming.

Upon the completion of this guide, we're in an unprecedented bull stock market. However, it is worth pointing out that no matter how big the wave and how far it travels, it's destined to end up crashing on the shore. This isn't a matter of opinion, it's a matter of historical fact.

Money, like water, finds its own level. With rapid changes in the global economy, political changes here and abroad and other factors, the future financial landscape will be nothing if not exciting. So doesn't it make sense to start taking proactive measures? You don't want to be one of those folks who looks back and says, "Gee, if only..."

Imagine where Frank and Marie Modelman would be now if they'd made a few financial moves in their past?

Consider this scenario: It's 1999 and Frank has been working at the post office for 20 years. He's 45 now and is contributing to his TSP faithfully. However, he and Marie also have $15,000 in their savings as well as around $50,000 in equity in their home. That's in addition to a TSP worth something like $200,000. Frank and Marie decide that because gold is trading for only $250 per ounce that they should invest. They decide to acquire $40,000 in gold. Then in 2006, their $100,000 home that they bought back in 1986 is now worth $400,000.

They decide to sell their home because they see the big boom is about to bust. They pay off the house and are left with $350,000, let's say for simplicity's sake. Frank and Marie bank $150,000 and purchase 20,000 ounces of silver. Meanwhile, their TSP has grown to around $300,000. Stay with me, this gets interesting... In 2008, the stock market plunges and they lose $130,000 from the TSP, bringing it down to $200,000. Kind of a bummer, right?

However, by 2011, their gold has risen to $1,800 per ounce and their silver to $40 per ounce. Frank and Marie decide to liquidate a portion of their metals and diversify the proceeds into a self-directed IRA and purchase some index funds in a now recovering stock and bond market.

Here's what they've got:

- 160 oz. gold worth $288,000.
- 20,000 oz. silver worth $800,000.
- A TSP sitting at about $225,000
- They also purchase a beautiful home with $150,000 down and live mortgage free.

By the time Frank and Marie retire in 2019, they end up with something like $550,000 in their TSP based on a relatively modest interest rate.

Their self-directed IRA, which they started with just over $1 million has grown to a value of $3.6 million with no annual contribution in a strong 10% performing mutual fund. Now they can roll the TSP over into the IRA for a total of well over $4 million. Or they could do what they did years ago and buy metal.

If they did nothing but live off a 4% RMD, this still gives them an annual income of over $160,000.

This is just a fictional example. It is not meant to illustrate expected results. And past performance of gold and silver is no guarantee whatsoever of what the metals could do at any given time. We unfortunately do not have a crystal ball. The figures provided throughout this book are based loosely on historical averages, with the purpose being to show you how diversification through timely investing can positively change your future.

So doesn't it makes sense to explore all of your options?

Who should you rely on?

The most obvious answer to that question is yourself.

And while you may not have a Ph.D. in economics or have spent 25 years as a financial planner, your ability to understand your own financial situation and to learn what you need to learn is in your control.

It's your money and your life. It's your financial ship and you're the captain. Because no matter whose advice you take or who you let take the wheel, ultimately it's your decisions that guide your ship.

Now, there are times when even the most seasoned sea captain has to rely on someone else to guide his or her vessel. This happens every day in every port of the world. Whether it's a cruise liner coming in, a freighter hauling textiles, a huge oil tanker or even a Navy destroyer, all these ships have one thing in common when coming into port. They use a specialized pilot with local knowledge to guide the ship into her berth. The pilot meets the ship just outside the port or is dropped off just outside.

You may have even seen it – a small boat pulls up alongside and a pilot climbs a long ladder up to the bridge. They then tell the captain and helmsman how to bring the ship in. This local knowledge of the channels and currents is vital to the safety of the vessel. Well, in the financial realm, you have the same options. There are specialized pilots who can help you guide your ship through certain ports or market conditions. There are folks who are experts in real estate investing, day trading, foreign currency, cryptocurrency, picking stocks, options, commodities, capital funding and of course precious metals.

You can take advantage of these pilots to really help you fine tune your course. As to who you should choose? There's no exact way for me to answer that, as this isn't a book with a long list of recommended financial planners and so on. However, as we've already discussed, there are a few rules you can apply to vet the people whose advice you seek.

Here's a quick rundown of things to check into.

Professional Experience: This one is obvious.

Find out how much experience the particular person has in his or her special market. Is this their career or a hobby?

What's their track record for forecasting both good and bad?

Personal experience

This is one that we believe to be perhaps the most important. If somebody tells you how to spend or invest your money, then you want to know how much of their own money they risked. Otherwise, it's just arm chair quarterbacking.

Further, it's not wise taking advice from someone who's only involvement is collecting a fee should you take that advice. If a guy tells me to risk $50,000 on an investment, you want to make sure he's in it with you. You may not, but we believe you get a lot better advice from shared risk.

What's it cost?

How's that old saying go? Free advice isn't worth the money you didn't pay for it? This kind of goes back to the previous item. Free advice is the best advice, if it comes from personal experience.

If a guy who's made millions in the market gives you free advice, great! Otherwise if he's never even dabbled and yet seems to know it all – beware!

On the other hand, some advice comes at a very steep price. If the same guy who made millions says he'll teach you how to do it too for a fee, then this is probably a good educational investment. On the other hand, if somebody who wants a fee for their advice and who's never played the game, it is probably a situation to avoid.

Who benefits more from the manipulation of your money? A financial planner who suggests frequent transactions or one who suggests buy and hold? Or a fund that's self-managed or one that charges large management as well as transaction fees?

Don't Dig Your Well When You're Thirsty

This idea is a bit of a departure from the others, yet it fits in here. So many people try to solve a financial problem after the problem has occurred. This rarely if ever works, as you might imagine.

You can't buy auto insurance at the scene of an accident, right? You can't get flood insurance when your living room has a school of trout swimming around your couch, either. You get insurance when times are good in hopes that you don't need it but also in case you do.

The time to prepare to create, grow and preserve your wealth is right now. Right now is the only time to do anything, because the past is gone and tomorrow is not guaranteed.

Whatever the current circumstances, figure out a way to profit by them and move forward. And any pilot you choose to consult should understand this and be able to offer you sound guidance.

Think of it like this – hindsight is always 20/20. It's easy to look back at the past and regret the decisions we've made or the ones we didn't. Yet the only true benefit of ever looking back is to learn a lesson we can apply for the future.

Let's say you found a friend with a time machine. Let's suppose that it was built from a 1985 DeLorean with a stainless steel body and gull wing doors for some reason. Anyway, your pal rolls up, throw some of your trash into good old Mr. Fusion and says that you're going to take a quick trip back to September of 2008.

Now, knowing that this is only a few weeks before the last giant stock market crash. You have a unique opportunity. You're able to go back and tell your former self exactly what to do with your money. Now what would you do differently with this option? Maybe you made all the right moves, but if you're like most of us, there's probably one or two things you would've changed if you had the foreknowledge of the next decade or so, right?

Why Red Rock Secured?

We at Red Rock are very pleased to announce that as of this writing, late spring of 2021, we're celebrating our 12th year of business.

Throughout that time, we've maintained an A+ rating with the Better Business Bureau, we've been accredited by consumer affairs, hold a AAA rating with the Business Consumer Alliance.

Born out of the Global Financial Crisis in 2009, Red Rock Secured takes a fair, ethical and transparent approach to investing in physical gold and silver.

Retirement security is a common worry, especially now as financial markets remain volatile. Rather than continually trading equities or investing in expensive mutual funds, investment in hard physical assets such as precious metals can be integral to a worry-free investment strategy.

Yet how would you invest in metals? In what forms? Essentially, precious metals come in four distinct forms, which we'll outline below.

Safe

100% Free Shipping and Insurance on every order - You can buy with confidence, knowing that your investment is fully protected and will reach you safe and secure.

Red Rock's Price Protection Program - Red Rock's price protection program provides you the opportunity to protect the price at which you secure your assets for a set period of time depending on investment amount.

Ethical

Turn-Key LLC Set-Up - After you answer a few simple questions, Red Rock Secured does all the heavy lifting to properly setup your LLC for your Red Rock Secured Home Delivery Gold IRA.

Registered member of Ethics.net

Transparent

Exceptional Value – Red Rock Secured prides itself on providing the lowest prices available. Due to our extensive relationship with metals wholesalers globally, Red Rock Secured is positioned to lead the industry in competitive pricing.

We are in this for the long haul and want to build long-term relationships with our customers. This is why we also offer quarterly and annual account reviews, as well as market updates and alerts.

We seek to provide common sense choices and a wider variety of nontraditional precious metal investment options, so retirement accounts are truly customized to meet our clients' unique requests.

Make the Call

We've done our best to outline the options you need to consider when pondering your retirement. That said, you likely still have a few questions. You can call us at 844-824-5051, toll-free of course. One of our Account Executives will be happy to answer any questions you may have on precious metals, and walk you step by step through the purchasing process and determine which type of Precious Metals IRA is best to meet your retirement needs.

Protect & Diversify Your Retirement Today!

Learn how to protect your retirement from elections swings, geopolitical shifts, online hacking, inflation and the federal government printing more paper money.

Red Rock Secured began as a response to the market crash in 2008. Sean Kelly both personally and professionally discovered his calling to truly protecting his clients' wealth and retirement. Red Rock Secured is dedicated to protecting your retirement - a company built on trust, expertise, and performance. We value people first and chose relationships with every individual and interaction we have. Red Rock Secured is one of the only precious metals companies guaranteeing our patented 'Never-Zero Policy" meaning our clients' portfolios will never go to $0.

"I was very pleased with the professionalism, courtesy and great communication I was provided prior to my order. I was also pleased with the amount of time that was spent going over my options and the information I was given to make certain the product."

- E.J.

5-Star Trust ratings from BBB, Consumer Affairs, Business Consumer Affairs, Trustpilot.

BBB ACCREDITED BUSINESS A+ rating

Trustpilot

BUSINESS-CONSUMER ALLIANCE

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