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Collapse Investing: Money and Wealth Preservation During Times of Uncertainty and Instability

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Special thanks to Mac Slavo of www.SHTFPlan.com ^[1] for contributing his time and efforts on this portion of the [52-Weeks to Preparedness](#) ^[2].



We could spend a significant portion of our time outlining the various reasons for why the world's economic, financial and political systems sit on the brink of an unprecedented paradigm shift that promises to change the landscape of the entire system as it exists today.

I could try to convince you that it's a good idea to prepare for what's coming, but the fact that you are reading this article via Tess' [Ready Nutrition newsletter](#) ^[3] means that you're already in action planning and execution mode. If you've been following the [52 Weeks to](#)

[Preparedness](#) ^[2] from the beginning, then you've spent the last 44 weeks establishing an emergency and disaster response plan that would probably make FEMA jealous.

Like Tess and I, you've probably done your research and spent months or years gathering as much information as you can about the many possibilities that could significantly impact your life and the lives of your family members and close friends, and you've actively involved yourself in making sure that you're as insulated as possible from whatever may befall us.

My initial inclination when Tess asked me to contribute some thoughts on wealth preservation during times of uncertainty was to point out the fundamental economic problems and fraud facing the system. I realized after delving into this topic that, while the ramifications of an economic or currency collapse are life alteringly severe, my family's personal preparedness plans have always been focused on ensuring we're ready for anything that gets thrown our way – not just an economic crisis.

The strategy that we try to employ is well rounded and considers as many variables as possible.

- Natural Disasters such as hurricanes, earthquakes, flood, solar flare
- Man-made calamities like currency hyperinflation, cyber attack, EMP detonation, nuclear fallout or global conflict
- Personal emergencies like a job loss, injury or over-extension of credit

With this idea in mind, when we look at the concept of investing and wealth preservation for uncertain times, we want to employ a strategy that will provide as much coverage as possible so that if we are hit out of the blue with something totally unexpected, we'll at least have the basic necessities to survive.

While I'll stop short of advising you to sell all of the stocks and bonds in your 401(k) account and investing all of your proceeds into 'preps', a little diversification could mean the difference between surviving a disaster, or succumbing to it.

Keep your 401(k), IRA or other investment accounts, but consider expanding your horizons with a new 401(Prep) strategy as well.

The Currency of Kings

Gold is the currency of kings, Silver the currency of noblemen, and Debt the currency of slaves.

While disregarded by mainstream economists as a relic of civilizations past, gold still remains a highly sought after asset by central banks around the world including those of China, India, Venezuela, Iran and a host of other countries losing faith in the petro-dollar reserve currency system. We've seen it rise to record breaking nominal highs in the last ten years for a reason. Those in the know – including investors who understand that gold always rises during periods of uncertainty and crisis – have been acquiring gold and its cousin silver for over a decade and have seen it's value increase multi-fold.

We need look only at recent history to see what happens when economies and currencies of nations collapse. When the monetary systems of the Weimar Republic, Argentina, and Zimbabwe collapsed their currencies literally became worthless over night. During Germany's hyperinflation people were burning wheel barrows of paper money just to stay warm. When Zimbabwe's currency hyper inflated over a period of about 10 years, a loaf of bread went from one \$1 to \$1 trillion dollars; today there are people panning for granules of gold in Zimbabwe's rivers so that they can purchase bread to eat for a day.

While nothing is guaranteed, history has proven one thing about gold and silver. There is and always will be a buyer for these precious metals. And if there is a central bank or large investor buying, that demand will always trickle down into the rest of the economy – even if it is operating as a black market.

If you want to expand your portfolio to include precious metals, here are some considerations:

- A single ounce of gold stores more value than silver. If you need portability for a large amount of wealth gold coins and bars will be your primary precious metals investment. Currently an ounce of gold is about \$1550. With less than a pound of coins in your purse or backpack you can conveniently move \$25,000 in value.
- What gold offers in portability it lacks in divisibility. This is where silver comes in. You may not be able to move \$25,000 of silver conveniently (weighing around 50 pounds!). But because of it's lower value per ounce silver is an excellent mechanism of exchange for things like food, gas, clean water, or tools if the dollar hyper-inflates or crashes. You can purchase silver in bars (100 oz, 10 oz) or coins (1 ounce, or U.S. government issued pre-1965 halves, quarters and dimes). With the smaller denomination coins like US quarters you will have portability for a small amount of cash (40 quarters is about \$150 dollars worth) and you'll have coinage that should allow you the ability to purchase just about any item someone is willing to sell.
- When buying gold or silver, buy from reputable sources like your local coin shop or an online dealer like [Apmex](#) ^[4] or [Kitco](#) ^[5].
- The only exception we can make to the above rule is for the purchase of pre-1965 U.S. government minted 90% silver coinage. While we would avoid purchasing any other coins on auction sites like [ebay](#) ^[6], there are often some great deals to be found on half dollars, quarters and dimes containing 90% silver (pre-1965 coins only!). You can also purchase Kennedy half dollars dated 1965-1969 containing 40% silver content. Since these coins are government issued and in such small denominations, the possibility that they are counterfeit decreases significantly.
- Silver allows you to make modest, weekly investments of anywhere from \$5 to \$50 dollars and still build a store of wealth.
- To get the current price of silver and gold, as well as the specific prices for dated U.S. coins, check out the calculators at [coinflation.com](#) ^[7].

- If you are investing a large sum of money into precious metals, gather details about the types of coins you are buying, especially if you're buying gold. Acquire a [coin caliper](#) ^[8] and/or testing kit to ensure you're getting what is being advertised.

While you may be able to easily utilize gold and silver as a mechanism of exchange at the onset of a crisis to buy much needed supplies during a currency meltdown and use it to exchange for land or equipment during a recovery period, you may be faced with a period of time when no one will be interested in your PM's. Selco of [SHTF School](#) ^[9] points out that gold is not the silver bullet the provides complete insulation from TEOTWAWKI. When all hell breaks loose, as it did in the Balkans in the 1990's, and a war is being fought right outside of your front window, gold and silver may not get you very far, as people are more concerned with the immediate need of getting out of harm's way than they are with anything else.

With that in mind, and for those who (correctly) argue that we can't eat our gold, let's continue diversifying our 401(prepare) account.

Commodity Investing with Zero Counter-party Risk

In this type of environment where nobody can get a safe return on their money within the United States that beats the official rate of inflation, buying canned foods and such is actually a better investment than a Treasury bill. What I would look to do is have a backup supply of at least several months of the basic commodities you need to live with – canned food, toilet paper, as well as barter items...

-John Williams, Economist, [Shadowstats.com](#) ^[10]

One thing analysts and financial pundits agree on is that, in general, commodities will continue to rise. As central banks continue to inflate their money and hundreds of millions of people in once under-developed nations join the ranks of the global working class, the demand for food once reserved for the middle class in America and Europe will rise in countries like China and India. The end result is a higher cost for corn, rice, wheat, meat and other staples.

Thus, as the experts suggest, investing in commodities may be an excellent way to grow, or at the very least preserve, your money. Where I disagree with the experts is how to invest in such assets. While you can purchase Exchange Traded Funds or contracts that follow specific commodities, the inherent problem with these investments is that, even though you have a paper receipt that says you own a particular commodity, if it's not in your possession you are subject to counter-party risk. What I mean by this is that if the investment firm (or the numerous associated firms) has a problem and goes out of business, your paper receipt may become worthless. A recent example of this was the MF Global scandal, where the investment firm headed by a trusted former governor of New Jersey actually took the deposits and commodity investments of their depositors and transferred those assets to other investment banks days before completely collapsing. Their clients, who had receipts to prove ownership, were left with nothing.

If you're investing into commodities because you expect prices to rise dramatically, then you must also assume that those dramatic price rises will result from either a currency crisis, or shortages caused by exceedingly high demand or adverse weather conditions (think Great Depression dust bowl). That being said, the only sound method of investing in these assets is for you to take physical delivery – just like you would with gold.

For food, your best bet would be to look at the [11 Emergency Foods That Last a Lifetime](#) ^[11]. Dry goods like rice, wheat, beans, salt, honey, and dry milk will provide you with an investment that will grow in value as prices rise, and also offer you peace of mind in case paper markets crash because you'll be in direct possession of your food. How much food should you add to your 401prepare investment portfolio? It depends on the size of your family and your time horizon. Think about what could cause a massive price rise in food prices and you'll realize that whatever the crisis is, it could be long-term. The Ready Nutrition [food storage calculator](#) ^[12] can help you to determine how much inventory you may need and allows you to break your purchases into weekly shopping trips so you don't have to invest thousands of dollars up front.

In addition to food, there are a variety of other commodities that you won't want to live without if the system comes crashing down around us – so consider adding these to your preps as well:

- Toilet paper , various toiletries, hygiene products
- Cooking oils
- Off-grid lamps and fuel
- Over the counter medicine like ointments, aspirin, anti-diarrheals, anti-constipation meds, alcohol, hydrogen peroxide
- Hand sanitizer (you'll want lots of this because clear water may be hard to come by and disease will be rampant)
- Lighters (highly recommended barter item from the Balkan collapse)
- Ammunition
- Teas, coffee, cigarettes, drinking alcohol
- Off-grid survival tools like hand saws, hand drills, etc. (this may also include low-power requirement tools that you can charge with solar power or other alt energy)
- Antibiotics (Here's one survival item that will be worth more than gold in a post-collapse world!)
- Read the [Emergency Items: What Will Disappear First](#) ^[13] for more ideas

Investing in these asset was a [sound practice in January of 2010](#) ^[14] when I first recommended it (you'd be up over 25% today!) and it's a good strategy today, because as you well know things aren't looking any better on the economic and monetary front.

When investing in commodities you'll want to ensure that you are able to physically store your assets so that they are available when you need them post. Be sure to properly store all foods for the long-term.

Land and Real Estate

*Agricultural commodities are the place to be in for investors.
It will be farmers not bankers driving Ferraris.
-Jim Rogers, Contrarian Investor*

You may be surprised to see real estate listed here as a 401(prepare) related asset, especially considering that the average price collapse in housing since the crash has been about 30%, with some areas of the country seeing in excess of 50% shaved off of bubble-top prices.

With real estate prices still dropping, it's certainly not a bad idea to wait for further price reductions before jumping into a new home, especially if you are planning on paying cash. One thing to consider however, is that if you aren't paying cash for a home and are looking to take on a mortgage then you are in one of the best interest environments we'll experience perhaps in our lifetimes. Money is cheap, and if you happen across the right property, taking advantage of those low interest loans may be the right thing to do. As the dollar continues its decline and confidence in our ability to repay our debt is lost, you will likely see interest rates rise significantly. During the inflation crisis of the late 70's and early 80's some mortgage rates were running as high as 18%, so getting in now may not be a bad idea, especially if you are not planning on flipping your house any time soon and you have an investment time horizon in excess of a decade.

But what is the right property?

Being prepper-minded, I immediately dismiss the possibility of buying a home in a urban or suburban setting. The fact is that these kinds of homes are, in my eyes, liabilities. They have absolutely no productive capacity whatsoever, thus I have hard time looking at them as assets. Moreover, if we're planning on the S hitting the fan, we want to be in a low population area, something that our typical cookie cutter neighborhoods in big cities simply can't provide.

When we talk about real estate and land investments during times of crisis we want to focus on a property that will give us the ability to produce something – anything of value. In the event you lose your current income flow, or if the system falls apart, you'll want to be on a piece of property that allows you to produce some of the commodities we discussed above –

either for personal use or to run as a business if employment becomes difficult or impossible to acquire.

Thus, when looking at land, look for land that will provide you and your family with productive capacity. If you can do this, you'll have turned your home and land into an asset instead of the typical liability held by most Americans.

You'll also be much closer to achieving self reliance by being as off the grid as is possible, so you are no longer dependent on services provided by the government or large business conglomerates.

Here are some thoughts on real estate investing based in part on [Ten Things That Make a Survival Homestead](#) ^[15]:

- Does your land have the space and soil to allow you to grow a vegetable, herb or fruit garden? Even limited space can be used to product a huge amount of food, so you can be flexible on land size if your financial situation requires it.
- Are you able to produce your own energy – perhaps install solar panels, mini-wind turbines or some type of hydro power if you have a stream or river? Whether the world collapses around us or not, energy self reliance is a long-term benefit that will reduce or eliminate your utility bills, something that will insulate you from not only a collapse of our power grid, but keep the energy flowing to your home if you experience a personal financial catastrophe that makes it difficult to pay your bills.
- Do you have enough land to raise livestock? The bottom line is that people will always need food, and if you can provide that food you'll always have customers willing to buy it or trade for it. Space is an important consideration for livestock, but there are ways to raise poultry, goats and even micro Dexter cows without a huge pasture. Look into [micro-livestocking](#) ^[16] for some ideas (it's something you can even do in suburbia if your HOA allows it!).
- You need a water source. This is self explanatory. You can't grow food or keep animals if you don't have water. Either make sure you have a well, or a river or stream with easy access so you can collect or divert water to irrigate your garden.
- Another water solution that provides multiple benefits is a pond. Not only will it provide water, but you can expand your offerings by raising fish to boot!
- Can you defend your property? In addition to the commodities listed above, other physical assets to look at acquiring are property and self defense supplies like barbed wire fencing to protect your inner perimeter, flood lights or another alarm system for the external perimeter, empty sang bags that you can quickly fill if needed.

Owning land is a dream held by most individuals. But, few people understand the difference between your home being a liability vs. an asset. If you're going to be buying (or even renting) land I strongly suggest you look into how you can make your home work for you, instead of the other way around.

Get Some Skills!

I don't even have any good skills. You know, like nunchuck skills, bow hunting skills, computer hacking skills...

-Napolean Dynamite ^[17]

I have a friend who is a specialist in piping design and engineering. In his spare time he builds high quality copper water/alcohol distillation units. Sitting around testing his first unit, my friend and I began discussing the various applications for such an apparatus and how knowledge of manufacturing such units would be an essential skill in a post-collapse world. With his distillation units one can not only purify their water over an open fire, but can also produce drinking alcohol, antiseptics and fuel grade ethanol to run a generator. His project initially started as a hobby, and has since turned into a fledgling side business. If the system collapses, and my friend loses his job in the engineering sector, he will always have his skills of manufacturing to fall back on. In addition to producing distillation units, he is a lifetime prepper, so he is well versed in the manufacture of anything from traps and snares for animals, to making his own ammunition.

The point of this story is that every one of us, even though some of us may sit at a computer all day or work a retail counter, has something we know how to do. Get better at it and consider how you may be able to apply these skills in a post collapse world.

Also of note is that if you are skilled at something – machining, sewing, food preservation or some other skills – stock up on the necessary supplies to run your business now, because they won't be available. My friend who manufactures distillation units is heavily invested in copper piping and related materials. While copper may not be a practical investment for you because of your skill set, perhaps yarn or canning jars are.

Every one of us is unique, and we each have different life experiences, skills and backgrounds. This is great news for post-collapse survivors, because you can be assured that American innovation will always return with a vengeance. Necessity will be the mother of invention in a post collapse world, and while knitting sweaters for the Holidays may be a hobby for you now, it could be the skill that sets you apart and keeps your family fed if traditional commerce breaks down.

The following list is based in part on [The Barter Value of Skills](#) ^[18] and will give you some ideas on ways you will be able to exchange your time and energy for yield (money, trade, etc.) in a post-collapse world:

- First Aid or Critical Aid (Whether you are an EMT or just have basic first aid training, your skills will be in high demand during a serious crisis)
- Midwifery/delivering babies because there won't be any hospitals
- Animal Husbandry – Those who haven't developed animal rearing skills will call on you to help them with their animals or ranching. If you have a large enough post-collapse survival property, you may even be able to lease space on your property for others.
- Blacksmithing, Carpentry, Construction, Machining, and any host of other skills that will be required for jobs that we take for granted today because of home improvement mega stores.
- Mechanics – Whether it's for small engines like generators or understanding the inner workings of alternative energy, there will always be a need for skilled mechanics. After a collapse it will be difficult if not impossible to buy new items like we do in our current consumptive paradigm. Learning to fix what's already out there will be a fantastic way to make a living.
- Food preservation, sewing/mending, soap and candle making, production of alternative medicines (with herbs from your garden) will all be skills that are in demand.
- Also see [Top Post-Collapse Barter Items And Trade Skills](#) ^[19] for more ideas

Planning for the Unknown with 401(Prep) Investing

If there is one thing we can say about our current economic, financial, social and political climate it's that we have entered an era in human history of total unpredictability. While we can theorize about what may or may not happen, we need to understand that we are operating on limited information. As Secretary of Defense [Donald Rumsfeld once said](#) ^[20] :

There are known knowns – there are things we know we know.

We also know there are known unknowns – that is to say we know there are some things we do not know.

But there are also unknown unknowns – the ones we don't know we don't know.

As humorous as Rumsfeld's comments were to the press in the room, there is quite a bit of insight to be gleaned from them.

The key takeaway is that we really don't know what we know or don't know, so plan for the worst. Furthermore, ensure that your preparedness plans are flexible enough to be applied to situations that we haven't even contemplated as even being possible.

While the ideas listed above may not work for everyone, I hope I've been able to present an informative enough primer on Collapse Investing to get your mind working on how you can apply your specific situation and skills to a complete action and execution plan.

Best wishes to you all.

Get Prepped, Stay Prepped.

Mac Slavo

www.SHTFplan.com ^[1]

Action Items:

1. Research how other countries used alternative currencies in post-shtf emergencies. Some great online resources are FerFAL's [Surviving in Argentina](#) ^[21], Selco's [SHTF School](#) ^[9].
2. Familiarize yourself with alternative currencies that could be deemed valuable during a post-SHTF scenario.
3. Familiarize and become proficient in skill sets that would be seen as profitable during an extended emergency.

Subscribe to [Get Prepped! Newsletter](#) ^[22] for weekly updates from the [52 Weeks to Preparedness](#) ^[2] series.

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URLs in this post:

[1] [www.SHTFPlan.com](http://www.shtfplan.com/): <http://www.shtfplan.com/>

[2] 52-Weeks to Preparedness: http://readynutrition.com/resources/52-weeks-to-preparedness-an-introduction_19072011/

[3] Ready Nutrition newsletter: <http://readynutrition.com>

[4] Apmex : <http://apmex.com>

[5] Kitco: <http://kitco.com>

[6] ebay: <http://goldandsilver.ebay.com/>

[7] coinflation.com: <http://coinflation.com/>

[8] coin caliper: <http://www.safepub.com/categories/tools-coins-trade-equipment/p/electronic-coin-caliper>

[9] SHTF School: <http://shtfschool.com/trading/on-buying-gold-silver-for-survival-preparedness/>

[10] Shadowstats.com: <http://www.shadowstats.com/>

[11] 11 Emergency Foods That Last a Lifetime: http://readynutrition.com/resources/11-emergency-food-items-that-can-last-a-lifetime_09032011/

[12] food storage calculator:

<http://readynutrition.com/resources/category/preparedness/calculators/>

[13] Emergency Items: What Will Disappear First:

http://readynutrition.com/resources/emergency-items-what-will-disappear-first_11112009/

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[15] Ten Things That Make a Survival Homestead:

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[16] micro-livestocking:

<http://readynutrition.com/resources/category/homestead/micro-livestock/>

[17] Napoleon Dynamite: <http://www.youtube.com/watch?v=u5wmParkppw>

[18] The Barter Value of Skills: http://readynutrition.com/resources/the-barter-value-of-skills_23042012/

[19] Top Post-Collapse Barter Items And Trade Skills: http://www.shtfplan.com/emergency-preparedness/top-post-collapse-barter-items-and-trade-skills_06102011

[20] Donald Rumsfeld once said: <http://www.youtube.com/watch?v=GiPe1OiKQuk>

[21] Surviving in Argentina: <http://ferfal.blogspot.com/2009/12/post-shtf-currency.html>

[22] Get Prepped! Newsletter: <http://readynutrition.com/get-prepped-newsletter-2/>

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