5 *Reasons Why You Haven’t Bought Gold or Silver*

The prices of gold and silver have moved higher from 2000 to 2011 and fell through 2015 which I had called for with a stronger dollar. We are in a bottoming process with metals now and we are poised for much higher prices in the years to come, including record highs for both gold and silver.

There are many reasons why you are not invested in these metals and most of them reveal how the deck is stacked against you in learning the truth about gold and silver and how they can hedge your portfolio from currency risk.

This article will reveal the five reasons why you haven't yet invested in gold and silver. Keep in mind, gold and silver are not in a bubble just because their price has moved higher. Long term, it is the U.S. dollar and every other currency that are in a bubble.

The fact that gold and silver are moving higher despite some intermittent strength in the dollar is quite revealing. What will happen to the price of gold and silver when the dollar resumes its downward trend? More importantly, gold and silver have maintained one’s purchasing power over the years even with a stable dollar which buys you less and less each year.

For example, a 1964 Washington quarter could buy you close to a gallon of gas in 1964. Today, that same quarter, which contains 90% silver, exchanged for dollars can still buy you a gallon of gas. A 1965 quarter which contains no silver can buy you 25 cents worth of gas. This is what the government has done to our money. Your financial advisor may not even understand this and that’s why I wrote this report.

My name is Doug Eberhardt and I am the author of Buy Gold and Silver Safely and Illusions of Wealth, 2 books that bring awareness to investors. With awareness you become better investors and that’s why I wrote these books available on Amazon.com.

5 Reasons Why You Haven't Invested in Gold or Silver

Reason 1

Your Financial Advisor Doesn't Understand Real Diversification, Let Alone How Gold Fits Into a Diversified Portfolio

When it comes to retirement planning, most financial advisors miss the mark in properly diversifying portfolios. The missing ingredient is the insurance against what most U.S. investors currently own; U.S. Stocks, U.S. Corporate Bonds and U.S. Government Bonds. All of these assets are subject to U.S. dollar risk.

For decades, the typical financial advisor diversified U.S. investor portfolios as follows:

60% Stocks
30% Bonds
5% Real Estate Investment Trust (REIT) and Commodities
5% Cash and other investments

One's age and number of years from retirement would dictate the amount allocated to stocks. The old adage has been "subtract your age from 100 and that is the percentage you should be invested in stocks." So if you're 55, then 100-55 = 45, thus 45% of your portfolio should be invested in stocks.

The vehicles that advisors have typically used to invest in stocks would be a mixture of U.S. Large-Cap, Mid-Cap and Small-Cap mutual funds or ETF's diversified among a wide range of sectors, with some foreign exposure. The bonds would be a mixture of mostly U.S. corporate, with some allocated to U.S. Government bonds through GNMA funds or U.S. Treasuries. The cash would be parked in U.S. money market accounts waiting for future investment opportunities.

What do all of these typical investments have in common? They are all U.S. dollar based and subject to the fall of the dollar.

Outside of some foreign exposure that could take advantage of currency appreciation in other countries, what in this "typical" recommendation from your financial advisor counteracts the fall of this U.S. dollar risk to your portfolio? The answer; is nothing.

Financial advisors may add some TIPS that are supposed to be an inflation hedge, but TIPS only follow the manipulated Consumer Price Index (CPI) that doesn't take into account real inflation (are prices rising or falling? Or if over 62, has your social security check risen the past few years?). Prices are rising, and the social security payments are based on this manipulated lower CPI number which allows the government to pay out less to seniors each month.

The fact of the matter is, an investor needs physical gold and silver bullion coins or bars to maintain their purchasing power. NOTE: The investor in precious metals needs to purchase just the type of coins that are a small percentage over the current spot price, not numismatic, rare or semi-numismatic European coins like Swiss franc, British Sovereign or French Rooster for example or even the 1.5 ounce coins dealers push on silver investors today as they have very high premiums that only make the dealers rich. Run, don't walk, from anyone who tries to sell you numismatic coins to hedge against the risk exposure your portfolio has to the U.S. dollar. This is explained more in Chapter 8 of the book "Buy Gold and Silver Safely."

When asked, many financial advisors don't recommend physical gold and silver because they don't sell it. I have had advisors call and ask me to help their clients because their clients wanted to buy physical gold and silver as the advisor didn't offer precious metals as investments. The advisor may recommend *quasi* investments in gold or silver like Exchange Traded Funds (ETFs), but these "paper" investments have their own issues. For most, an investor cannot cash those paper products in and request physical gold and silver from the issuer, plus, they are not insured.

Lastly, many financial advisors don't understand this diversification because they believe that the U.S. dollar and U.S. treasuries are "risk free." They are not. While Treasuries have been strong the last few years, it is because of a complicit Federal Reserve who has been artificially pushing interest rates lower to try and stimulate the economy. To do this they have implemented inflationary programs like Quantitative Easing and Operation Twist which in a nutshell, are programs which find the Fed buying assets that can't be sold elsewhere or trying to stimulate the economy by lowering long term rates so they assume consumers will buy houses and cars. When you throw enough money at something, you can move it temporarily, but if the underlying economy is built on a house of cards like this one is, these stimulus programs will be tumbling down at some point when the consumer prefers to eat rather than buy a bigger house or car. Besides, banks aren't even lending much these days which defeats the whole purpose of the Fed's programs to stimulate.

How will the Fed unload these assets in the future is the unanswered question as they are considered to be the "lender of last resort." So what happens if the Fed is wrong is the type of question no advisor prepares you for. The Fed was wrong in building up the markets that led to the first stock market bubble and real estate bubble and they are trying to blow up those bubbles again with their various easing programs. They will fail again as you can't throw debt at debt and expect growth to come from it except for the favored few who benefit in the beginning of the bubble; banks and investment firms.

The problems that led us to the 2007-2009 financial crisis have somewhat been resolved here in the U.S. but the Fed's balance sheet isn't what it used to be and problems have not been resolved internationally. The next crisis may come from abroad, mostly likely China or Europe, but possibly Japan.

Over the years I have critiqued many advisors including; a CFP, CFA, PhD and financial guru Dave Ramsey and their understanding of gold. I have to realize that these folks are bright individuals. I too was a financial advisor and have 30 years in the business. I do consider myself bright and would like to think I learned something over the years and am sharing it with you to make your own good decisions on your investments; to decipher for yourself whether or not gold and silver fit into a well-diversified portfolio.

Reason 2

The Media Is Biased Against Gold and Always Pro-Stocks

The media is almost always bullish on stocks and always trying to spin good news out of bad reports on the economy. As long as you are investing in stocks, they have done their job.

Gold is competition to stocks. Investing in physical gold doesn't do anything for the economy, but it does do something for your portfolio as it hedges your portfolio against currency risk as pointed out in Reason 1 above.

The media is owned by corporations. Corporations also do heavy advertising on various media as do Mutual Funds who try and get investors to buy corporate stock. It would be a conflict of interest for any media to talk negatively about the stock market in general as they are biting the hand that feeds them. If they say something negative about the economy, then people might pull their money from the stock market and thus owners of stocks could see their value go down. How does this negative talk about stocks help corporations? It doesn't.

When one turns on the financial media, listen to what they say about gold (they hardly ever, ever, mention silver). I've heard all of them on CNBC and elsewhere at one time or another mock gold.

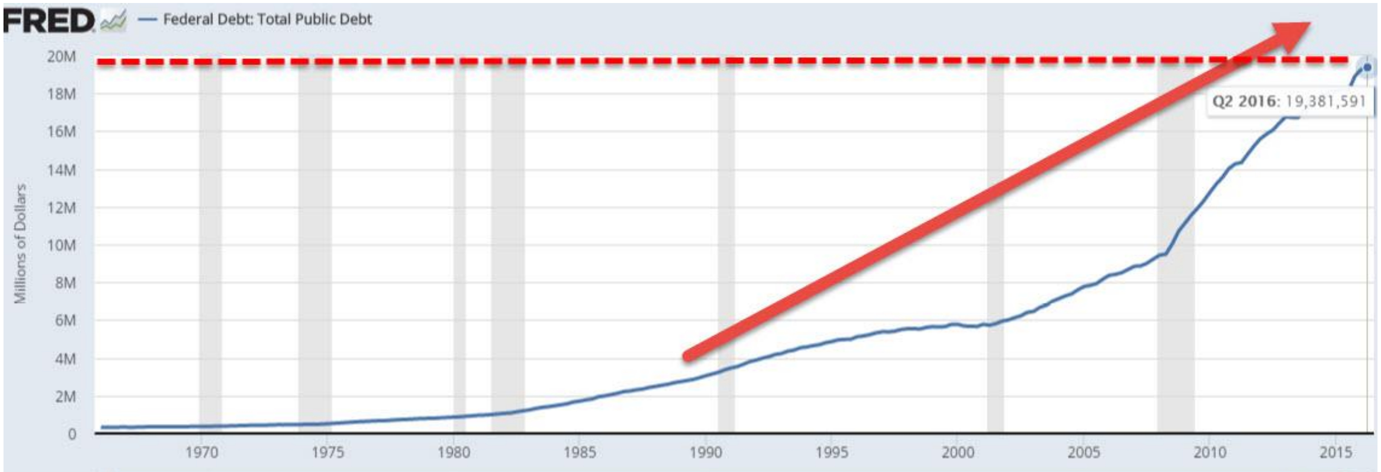
Steve Leisman was on CNBC in 2010 saying "the Fed has a tool box, it’s still effective and there is nothing to worry about." Yes Steve, all is well just because you say it’s well. We understand. That tool box however is getting empty for the Fed. This should be quite worrisome for investors. They can’t lower interest rates any lower unless they go negative which would be beneficial for gold.

Lastly, I do a lot of writing for Seeking Alpha, a financial website. I have fought with the editors there for years about allowing me to write about gold and silver. I liked them because my articles would be sent to Yahoo Finance and other sites. I finally quit writing for them as some of what I was writing they wouldn’t post as an article, but as an instablog which no one reads and no posting to Yahoo Finance. About a year went by and I noticed that Seeking Alpha finally wised up and started a “Gold and Precious Metals” category. I decided to start writing for them again and was one of their top 5 authors for that category. Then they took exception to me writing about owning physical gold and silver instead of the various ETFs that hold gold and silver (where one can’t take delivery of the metals personally). I don’t believe in these ETFs, but their “rules” they claimed, required authors of articles to mention stock or ETF symbols in their articles because they considered themselves a financial site. Their reasoning was that they only wanted authors to write about the same thing CNBC talks about; paper instruments. This discredits automatically those of us who believe in holding physical metal and maintain control of a portion of our wealth. I now simply mention a gold or silver ETF in my Seeking Alpha articles and don’t really promote them.

The 3 charts below say it all.

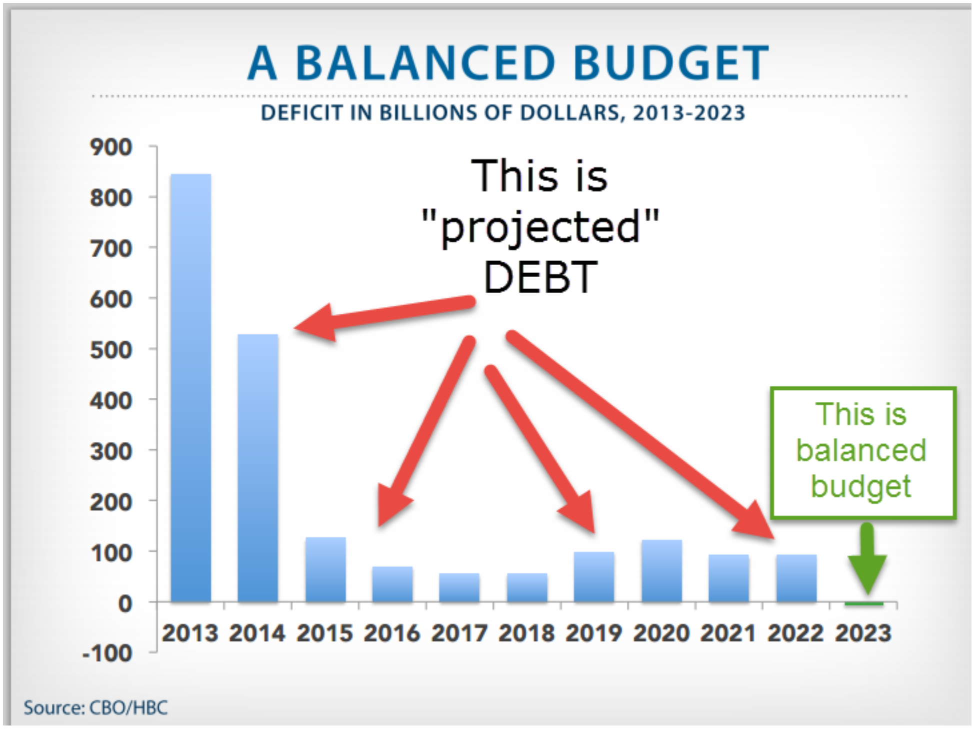
The first chart shows the ever increasing national debt. This debt cannot possibly be paid back and the interest alone is starting to weigh heavy on our annual budget, hence the trillion plus budget deficits we are experiencing. The Republicans are no longer the party of thrift and the Democrats under Obama have taken our nation to the brink. Both parties are both to blame.

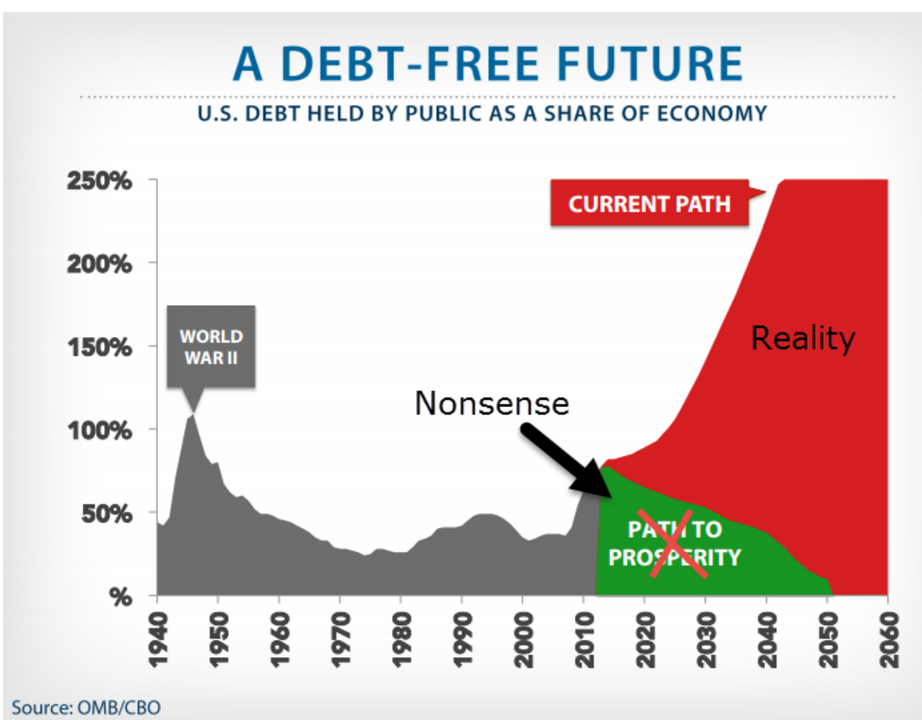
U.S. Federal Debt Now Over $16 Trillion



Your share of this debt as a citizen of the United States (man, woman child) is just over $60,000. Your share as a taxpayer in the United States is $163,000.

What is the solution to pay for this ever increasing debt? The answer is to raise taxes or create inflation in the currency to make the debt paid off with "inflated" dollars. There are no other choices except default. But looking at this next chart, you can clearly see that Congress would rather inflate the problem away (inflating away the debt means to print more money to pay for things and go into further debt rather than raise taxes). Even though Congress may tell us they are raising taxes for some, it's clearly not enough to pay for such an enormous debt hanging over each of us, whether a tax payer or not. Congress must "inflate or die" as the former writer of the Dow Theory Letters used to day.





Somehow, someway, American voters think the same people who got us into the mess will somehow get us out, whether Republican or Democrat who both approved the Budget above. What are the odds of their success? Don't be fooled into thinking that adding debt to more debt will solve any of our problems. It's like giving a heroin addict another dose of heroin. It keeps the pain (withdrawals) away until another high can be reached with an additional dose. Consider us all high and the Fed as our drug dealer. It won't end well.

Reason 3

Our Education System Teaches Us Nothing about Gold, Let Alone Money

If you have young children or grandchildren, ask them to do some simple math calculations using money. Set up a little store with a cash drawer of $1, $5 and $20 bills, quarters, dimes, nickels and pennies. Pretend you are a customer and you want to purchase items from them (give them some items to purchase in advance). The purpose is, to see what they have learned in school about money. More likely than not, they may know how to add, subtract and even do multiplication tables well, but they don't know how to give change for a $3.33 item when handed a $5 bill. Of course this day and age kids will just whip out a debit or credit card and just assume the charges are correct.

While children eventually learn how to make change, they are never taught anything about the Federal Reserve or Federal Reserve Notes, the name printed on the top of all paper bills, let alone what gold used to represent in this country; money.

If you have children or grandchildren, look at their Social Studies book and flip to the section on the Federal Reserve (see Index). You will probably find one paragraph. Yet the Federal Reserve and what it does is the backbone to everything financial in the United States. It was created by bankers for bankers and control of our monetary system at the expense of gold and silver. When Nixon took us off the gold standard it was the beginning of the end as the 1964 quarter example showed above.

Fast forward to one's college education since high school teaches you nothing from an economic perspective and the student is introduced to Keynesian economic philosophy which is all the college professors teach. This philosophy fits right in with keeping the individual ignorant on how an economy is supposed to work, and in order to pass the class, one has to go along with the nonsense they teach;

- That debt is good (printing money) and there are no consequences to spending
- If there is deflation, print more money (quantitative easing)
- If companies and banks are in trouble, bail them out

The reason I wrote Illusions of Wealth is to expose much of this information missing from our education system so all of us can understand what is going on with our money.

Reason 4 / Fix this http://www.goodreads.com/author/show/4747563.Doug_Eberhardt

Your Neighbor Probably Won't Tell You They Bought Gold

Unlike the euphoria that surrounded the run up to the dot.com bust, when everyone and their neighbor was telling you to get into NASDAQ tech stocks, or in 2003-2006 when they were telling you to buy real estate, most people who own gold today are quiet about their purchases. They don't want the world to know they own gold.

Gold is a private transaction and should be as the more people who know you own it, the more who may come busting down your door when and if a currency crisis hits. My number one rule from my book, Buy Gold and Silver Safely, is don't tell anyone you own it.

In reality, the price of gold would be much higher if the owners of it were more vocal. The fact that it is moving higher for the last 12 years straight despite financial advisors, media and little word of mouth supporting it means that it's not just U.S. citizens who are buying, but the entire world is waking up to how gold can maintain one's wealth and purchasing power. Look at what's going on in Europe with debt and unemployment problems. The Euro is on the brink of further declines because Germany can't solve the problems of Spain, Greece, Italy and Portugal alone. The European Central Bank (ECB) is forced to add more debt to existing debt. This can't end well.

Japan is also in trouble and the Yen has started to depreciate faster because of current government and past government adding more debt to the economy.

In fact, all currencies are racing to the bottom in a last effort to be more competitive with their export prices.

Reason 5

The Government Has an Incentive to Keep the Lid on Gold

If the government was forced to live within its means, something I fully support, then we wouldn't have the budget deficits, wars and other waste that has caused the national debt to surpass $16 trillion and march towards $20 trillion or more in the next 4 years.

Republicans and democrats both are responsible for where we are. Anyone that thinks this spending will be curtailed at any point in the future simply doesn't understand the nature of politicians. As long as the choice is between the lesser of two evils, it's still evil and they'll still spend. Increased spending depreciates the dollar but at the same time causes things to be more expensive. How are you keeping up your purchasing power? This is what gold and silver do.

But doesn't spending stimulate the economy? The answer is, it has produced some green shoots, but those green shoots have roots embedded in the earth of fiat dollars. That soil isn't the same soil of our forefathers. In other words, it is not wealth at all, but just more debt which is trying to spark an economy with a wet flint.

The recent influx of government spending has done little to stimulate the economy and the only reason the dollar is presently not crashing is because during this deflationary credit contraction, people are putting their wealth in what is currently still perceived to be "risk free" assets; the U.S. dollar and treasuries. The current move up in stocks and real estate will be short lived as this move higher is built on fluff created by the Fed.

Conclusion

At some point the dollar will become weaker. At some point, gold and silver will be double where they are today. At some point, you will buy gold and silver or be left with depreciating dollars and less purchasing power to pay for higher priced items coming in the future. Ask yourself, where would you be today with your purchasing power if you bought gold 12 years ago?

Gold is still in its second and longest phase. The professionals will still try and buck you off the gold and silver bull. The dips will come. Holders of physical gold and silver care not that it falls 20% on its way to appreciating 100% or more. One can today even buy physical gold and silver with their IRA, something many financial advisors are not aware of.

The U.S. government, Congress and the Federal Reserve will never change their colors. Our education system will always have flaws when it comes to helping people understand wealth and money and how to manage it. The media will always be biased against gold. And sooner or later financial advisors will wake up to the risk involved with the U.S. dollar and recommend physical gold and silver for your portfolio.

You insure your house for fire and insure your car just in case you have an accident. Your portfolio needs the insurance that gold and silver provide.

10% to 20% of one's portfolio needs to be in physical gold and silver bullion as insurance against the risk associated with the rest of your portfolio having exposure to the U.S. dollar. How else will you keep your wealth and maintain your purchasing power?

Action Step Number 1 – For those who need to learn more about buying gold and silver.

The first step to learning more about why you should be diversifying into gold and silver as well as what are the right types of gold and silver to buy, is to read the book "Buy Gold And Silver Safely"

Action Step Number 2 – For those who are already convinced they need to diversify into gold and silver bullion, you simply want the most gold and silver for your money and you want to pay no more than 1% over dealer cost for it.

Call Buy Gold and Silver Safely today and speak to a representative by dialing 888-604-6534.

There is a $5,000 minimum and we have the guaranteed lowest prices in the U.S.

To keep up with the gold and silver markets, sign up for our newsletter at Buy Gold and Silver Safely.

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