

Eliminating The Health-Damaging Stress Of Financial Survival Challenges

By Jeff Bell / www.MyHealthOptimizer.com

I recently met with a new client who told me that his health had been declining for the last year. He was surprised because he had been eating carefully for years, exercising regularly, and generally living in a healthy way. Let's call him Jon. He is in his early 50s and did not feel that it was time to accept declining health as inevitable. It quickly came out that Jon had been sleeping poorly for months. "Aha!", I said, "That explains why you don't feel healthy, and frankly don't seem as healthy as I would expect, either."

"So, Jon, why haven't you been sleeping well?", I asked. Jon told me that he usually fell asleep pretty quickly but then in the wee hours of the morning, long before it was time to get up, he would awaken and find himself unable to get back to sleep again. Jon told me that he would toss and turn for hours, knowing he needed to get back to sleep in order to be well rested for the coming day, but that he could not. The harder he tried to get back to sleep, the more he would feel anxious and wakeful. Finally, six o'clock would roll around and he would give it up, get out of bed a half hour early, and get ready for work. Jon said he felt tired just about all of the time.

It was pretty easy to confirm that simple fatigue and general lack of sleep were his major health challenges. A few more minutes of focused conversation revealed that Jon was frightened for his survival, and that of his family. His perceived threats to his survival were financial in nature. I was not surprised, given the way things seem to be going these days. I asked Jon to tell me as specifically as possible what his fears were. He told me that he knew he was a resourceful person who could figure out a way to survive under most circumstances. Jon felt that he could survive if he had even a small safety margin, just something to give him time to adjust. He said that he felt that our economy was headed for much harder times than those in the present, and that although it might eventually recover and be prosperous again, he thought such a recovery was probably a long way off.

Jon was worried about short-term financial survival on the most basic level, for himself and his family. He felt that if he had a way to just "get through whatever" for 3 to 6 months, he would have time to adjust and make any needed transitions. He felt he needed a way to hang on long enough to get through to the other side and our return to at least sustainability, if not the level of prosperity most of us had learned to take for granted before it all hit the fan.

Fortunately, short-term financial survival is an area I have been researching for quite some time. We ended up having a valuable conversation. Since I am sure many of you will find it useful, I decided share a summary of our conversation about short-term financial survival strategies.

No, this is not about investments, making money, nor about getting rich, or anything like that. Rather, this is about making sure you have the financial resources to survive for six months or longer if the financial system as we know it truly does collapse. I am not saying that this will happen. But it does seem more probable than it did just a short year ago.

First we need a little background: Since its invention, money has had two primary functions: The first is as a store of value. That is, if I have \$3,000 and I don't need to spend it now, but expect to spend it a year or so from now, I should be able to hold it in the form of currency or money, and then use it when I am ready. It should hold its value so that its purchasing power a year from now will be roughly equivalent to what it is now. This is the "store of value" function of money.

Its other primary function is as a "medium of exchange". That means that it can be used to exchange for goods and services. Before currency, which is a relatively recent invention in human history, goods and services were exchanged mostly through barter. In a sufficiently simple society barter can work well. However, in a more complex society it can become highly inconvenient at best and downright unworkable at worst. For example, if my kid needs a new bicycle, but the guy who owns the bike store doesn't need anything that I have to offer, I could have to spend quite a bit of time finding the right people and then negotiating several layers of trades before I can bring home the new bike for my kid. That could take even more time than the bike is worth. So it is much more convenient for me to just give the money to the bike store owner and have him give me the bike. That is an example of money's "means of exchange" function.

When a country's currency is functional, it fulfills both those requirements – store of value and means of exchange. Even if the currency is does not do them perfectly, as in times of significant inflation, it is still usable. When a currency collapses it can perform neither function. Many factors can lead to the failure of a currency. Lack of confidence in the government, hyper-inflation, extremely bad fiscal policy on the part of the government, etc., can all lead to the failure of a currency. For example, during World War II the German currency collapsed catastrophically due to hyper-inflation. Many people were completely unable to purchase the basic necessities of life. The resulting suffering was both widespread and extreme. In that case the primary concern was the failure of the currency to function as a means of exchange, although of course, it was also useless at that point as a store of value, as well.

And in this era of Global Finance even the bad policies of another country can lead to a currency collapse in still other countries.

There is one more concept we need in order to consider possible strategies for surviving what may be coming: We need to understand the two basic types of money. One is called “fiat money”. Fiat money is money that has no intrinsic value. It is only valuable because an authority says it has a specific value and we agree to accept that this is so. The other is “tangible asset money”. It is money that has an intrinsic value not based on a decree by any authority. For example, gold coins are examples of “tangible asset money”. Actually, gold coins have some of both types of value. A one-ounce gold coin is always worth whatever an ounce of gold is worth at the time. In addition, depending on the health of the currency of the gold coin at the time, it may have various amounts of “fiat money” value, as well.

So how does all this tie into Jon’s anxiety? Recall that Jon was concerned our currency could collapse and that he would not be able to provide for himself or his family. With this background information in mind, let me share with you the same strategies I shared with Jon. If your concerns are at all similar to Jon’s you may find them valuable.

Here’s the basic strategy: Acquire and maintain enough “tangible asset money” to use as a means of exchange if and when the “fiat money” becomes worthless. Consider maintaining enough to provide the basics for yourself and your family for at least six months. Of course, it is hard to know what the amount is since it is hard to predict the value and price of goods when the currency is in a state of collapse and the whole financial system is in chaos. But we can make a reasonable estimate. For example, if it currently requires \$2,000 a month to provide the basics for you and your family, that is likely a reasonable if somewhat low benchmark. Keep in mind that I do mean here the basic requirements for survival. That does not include paying your monthly credit card bill if you have one, nor the cable TV bill or other optional or “discretionary expenses. It does include food, health care, and basic goods and services required to survive. In this \$2,000 a month example, we would want to have a minimum of \$12,000 in “tangible asset money”. Of course, more would be better. But don’t stress – start with what you can afford and add to it when you can.

In what form should this tangible asset money be? Experts who study best ways to prepare for such events recommend gold and silver coins. They recommend a mixture of both. The silver coins, with a lower intrinsic value, will be more useful and convenient for smaller purchases. The gold coins will be useful for larger purchases and for storing a lot of value in a small space. You would not want to go to the local convenience store with nothing but thousand dollar bills. You also would not want to bring in dollar bills to buy a car. Experts recommend ten to twenty percent in gold and the balance in silver.

Back to the coins: In our \$12,000 example it would be ideal to have three or four gold coins of one ounce each, and the rest in silver one ounce coins. U.S. Gold Eagles and Silver Eagles will do. The Canadian equivalents also are suitable. Depending on your location, one or the other may be easier to obtain and perhaps easier to spend should the need arise. The coins you acquire should be uncirculated. This will make it easier to sell them for full value should you need or desire to. When you acquire your coins be sure not to handle them. Store them in the small, airtight containers coin dealers sell. They are inexpensive and will preserve the value of your coins for as long as you have them.

Of course, if you have the means to buy more than the minimum, that is better. A family of four with \$50,000 in coins has reason to feel much more secure and well-protected than the same family with \$12,000 worth of coins. And since the coins also fulfill the monetary function of store of value, you will not get hurt by inflation or other assaults on the value of money over time. The money you “park” in the form of coins will not function as a cash-producing investment, but it will safely hold its value. There are other strategies for producing cash and growing net worth. They are beyond the scope of this article, and will be discussed in other articles.

This strategy requires that you have physical possession of the coins. The purpose of the coins is to get you and your family through a full-blown financial catastrophe, where the currency collapses along with the financial system. Under such conditions what do you think will happen to the “virtual” money that you have in the form of a ledger in some financial institution somewhere? I would not want to base my survival on the answer to that question!

So what do you do with your coins? You store them somewhere that only you and your family know about and that is most likely to remain accessible through most emergencies. A well hidden fire safe in your home is a possibility. Also consider hiding them in plain sight. For example, you could have some old, partially used one gallon paint cans. Take a couple of your coin containers, seal them carefully in good quality plastic bags and sink them in the paint. Close the paint cans and put them haphazardly on a shelf in your tool shed or your utility room, etc. Get creative. Don't put them in your bank's safe deposit box. If the financial system collapses you may not have access to a safe deposit box.

Here are a few considerations about acquiring your coins. If you are buying a significant number of coins, it is best not to do it all at once. Nor do you want to get them all from the same dealer. Most coin dealers are discreet and will not reveal their transactions. But you don't want to take a chance. If you acquire your coins over a period of time from a number of sources it is more likely that no one will be the wiser.

It's also best to use cash to actually buy the coins. That way you don't leave an easy trail as you otherwise would with a credit card, debit card or check.

By the way, Jon checked in with me a little while ago and told me that he is sleeping much more soundly and is no longer waking up in the middle of the night. His health is much better and is continuing to improve.

In another article I will share with you a summary of the discussion Jon and I had regarding emergency food stores. That also had a lot to do with lowering his anxiety level and helping him to enjoy the restful and regenerating sleep that is essential to good health.

In conclusion let me remind us all of the following wisdom: There are events beyond our control and it is futile and even unhealthy to exert much effort towards attempting to control them. We certainly cannot control what happens to the financial system we all have come to depend upon. However, we have a good measure of control over what we do or do not do to prepare for the likely events in our futures. Further, we can have significant control over how we respond to these events and what meaning, if any we place on them. Our good health, physical, mental, emotional and spiritual, is quite dependent on clarity and self-honesty about what we can control and what we cannot control. With this in mind, let us strive for clarity, and commit to controlling in a good way what we can and not wasting our time and emotional attachment on what we cannot.

Please feel free to send your questions or comments to: jeff@myhealthoptimizer.com

To your great health!

A handwritten signature in cursive script that reads "Jeff Bell".

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