

## Germany or Rome?

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With all of the monetary and fiscal insanity running rampant in the world, you can be sure that I am, more than ever, 100% against almost everything and everybody, but especially annuities.

For those who are not familiar with annuities, it's a steady stream of regular payments from an insurance company paid to you, for as long as you live, which you purchase in advance by giving an insurance company a big wad of money now. When you die, they keep what's left.

My reason for steering clear of annuities and insurances is because, at the beginning of the Weimar inflation in Germany, 1921-1924, a 1,000 Deutschmark per year annuity was, so they say, a satisfactory retirement income.

At the end of the inflation, just a few years later, nobody in the whole country received an annuity check, but nobody even cared. This is because the cost of the postage stamp, with which to send the 1,000-mark annuity check to the happy recipient, cost more than 100,000 marks by 1924!

Now THAT'S some inflation! The stamp cost 100 times more than the benefit itself!

So I have never given annuities any thought, other than to haughtily disdain them in this day and age of rampant money creation, and thus disdain them in this day and age of continual price inflation, which makes a mockery of annuities and fixed income streams of any kind.

I was reminded of them, however, by the essay "The staggering costs of Bernankeism" by Martin Hutchinson at his Bear's Lair column at PrudentBear.com.

He writes that "Baby boomers who are approaching their relatively late retirement at 67 with \$500,000 no doubt feel they are in pretty good shape. They will awaken from their reverie when they discover that one typical insurance company quotes that amount as purchasing an annuity of only \$2,966 per month (\$2,755 for women) with no pension for the surviving spouse or guaranteed minimum payout period."

In short, it's a bare-bones annuity contract where, at age 67, you must live another 14 years to "break even" on the cost of the annuity. Whenever you die, remember, the insurance company keeps whatever is left.

The problem is, according to the Hysterical Mogambo Analogy (HMA) between the USA of today compared to Weimar Germany 90 years ago, in a few years your monthly annuity

check will still be \$2,966 per month, as per the contract, but the price of a postage stamp will be around \$3,559,200!

Actually, since I have obviously been drinking, I will drunkenly confide in you, my best buddy, my best bud, my BFF, my bestest budderoo in the whole world. So listen closely, ignoring my stinking breath because, just between you and me, see, I've been thinking that the current situation resembles not Weimar Germany, but ancient Rome, which is 10 times worse. Maybe 11 times worse! Or 12! Who knows how much worse it will be?

So remember to keep that "Germany or Rome?" thing under your hat, especially since it is clear that Mr. Hutchinson does not want to get drawn into a stupid-yet-pointless debate, and instead of rendering an opinion one way or the other, writes, with a delicious kind of dry, dark humor that seems so in keeping with the current situation, "Doubtless, most baby boomers faced with this shock will opt not to annuitize, hoping that between 67 and 74 or so, when their money runs out, they will graduate from feeling 15 years younger than their actual age to being dead, solving the problem."

At this witty joke, I laughed! And it felt good to laugh! Laughing again after years and years of screaming in fear, screaming at family, screaming at neighbors and complete strangers about the painful inflation in consumer prices that follow, and that must always necessarily follow, from the huge increases in the money supply for the last quarter of a century by the damned Federal Reserve, and now into the foreseeable future, too.

And when they cried out "Begone, crazy man! Vex us no more with your silly theories!", I would reply "Crazy, am I? Is not the Entire Freaking Record (EFR) of history the same, sad, stupid story of one idiotic/corrupt government after another borrowing itself into bankrupting debt, and the currency debasement/inflationary horrors that always followed?"

In fact, the little inflation-calculator provided by the Bureau of Labor Statistics, which is the lowest, low-ball, government-massaged "Move along. Nothin' to see here" estimate of inflation found anywhere, still calculates that it takes \$2.02 in 2012 to equal the buying power of \$1 in 1987!

Prices have, at least, doubled in the last 25 years!

The salient point is that the buying power of anyone's monthly annuity begun in 1987 (when the average annual family income was \$24,350) has, after 25 years, been cut almost exactly in half. Half! Ugh!

And if you think that was bad, consider the catastrophic price inflation coming at us from over the horizon, like a wave of ravenous wolves, that will surely follow the astounding increases in the money supply by the Federal Reserve, the ECB, and the IMF, which is to name only 3 central-bank scumbags doing that disastrous crap!

Arrgghh! I am screaming in fear! And then, in mid-howl of outrage, I realized that I admired Mr. Hutchinson's sunny optimism of people hoping to die soon, because if a

postage stamp goes from 44 cents to \$3,559,200, then that now-adequate \$2,966 monthly annuity payment will soon cease being anything of value.

But it is all academic anyway, as I figure that "most baby boomers" will not have \$500,000 to pay for the annuity in the first place, as estimated by the fact that the average retirement accounts of working people over 50 is around \$50,000, and by the additional fact that \$500,000 is more than TWICE as much as the entire NET WORTH of most people in the Whole Freaking Country (WFC), especially now that their incomes have not increased, their taxes have increased, their retirement investment accounts have gone down and their houses have deteriorated in value, all dragging down their net worth, making it all worse and worse.

At this ugly point I am exhausted and drained, with barely the energy to thank the heavens that simply buying gold, silver and oil is so easy, and so seemingly guaranteed successful by 4,500 years of statistical proof.

With my last ounce of strength, I lift my head from the barroom floor, smile and weakly say "Whee!"