



Sovereign International Pension Services Newsletter



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THE BIG ONE IS COMING

It's a little-known fact: You can make just about any type of investment in your Individual Retirement Account or other retirement plan, including investments around the world. Few people realize they have so many choices, because most IRA Custodians and plan administrators limit your investment horizon to traditional, plain-vanilla U.S. stocks, bonds, and mutual funds.

Sovereign International Pension Services can help you discover new horizons in your quest to protect and grow your hard-earned assets

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50 years ago the Great Alaska Earthquake hit on Good Friday. It's still the most powerful earthquake to ever strike North America and the 2nd strongest ever measured. It caused massive destruction and generated tsunami's responsible for a number of deaths.

I remember it for a number of reasons. I was 8 years old at the time, and still remember looking at the incredible pictures in National Geographic. My grandmother had given me a subscription as a Christmas gift and I would read it from cover to cover. The second reason it made such a big impact on me was both of my parents had been to Alaska before it had become a state. From time to time my mom would pull out a box of pictures and souvenirs, which included swatches of fur and other seemingly exotic items to an impressionable child.

The tectonic plates have decided to give us a stark reminder of their destructive nature with an earthquake in Southern California measuring 5.1 and now the much more powerful magnitude 8.2 earthquake in Chile. Typically earthquakes generate a number of aftershocks or lesser earthquakes. The recent activity has generated a call for an earthquake early warning system. Experts say the system could provide between 1 second and 1 minute of an early warning. It's not much, but it could still save many lives.

It's interesting how millions of people choose to live along known fault lines. They all know the "big one" is going to strike someday but they choose to play the odds telling themselves it won't happen to them, or if it does somehow they will be spared from such a catastrophic event.

For years I have been warning investors about the "big one". It's crystal

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clear they live along a very big fault line that has been generating small quakes for sometime now. Recently the frequency and severity of these faults has increased. Most analysts would agree that many lives would be saved if an early warning system existed that could provide you with advance notice of such an event but I'm not sure I agree. In fact I am pretty sure I don't agree. I think people would stay until the very last minute and some would even roll the dice and not leave at all.

How do I know? Because the "big one" is coming, and it's going to effect millions of American's IRA's and Retirement Plans.

My Early Warning system has been going off for sometime. At first it was just a gut feeling. When I shared it with other advisors and asset managers they said I was crazy. Then it became a low whistle, which others in the industry started to notice but were unsure where it was coming from. Then it became a jangling bell and now it's a full on siren like you hear in the midwest when a tornado has been spotted. And still, in spite of all of the warnings and sirens going off, I frequently meet educated individuals who believe a financial earthquake is coming. They do nothing to protect themselves. Typically they ask me if I can give them a call at the last moment so they can take action . I wish it worked that way, but it doesn't. My early warning system is good, but it's not that good.

So let me share with you what my early warning system has picked up and what you should do about it.

There is going to be a pension grab. Some have called it a coming confiscation or nationalization but I don't think that's exactly how it's going to play out.

Let's face it our government is broke.

\$17,582,856,805,950.67

That's the outstanding public debt as of April 3rd 2014. We have an estimated population in the United States of approximately 318 million, meaning our share of the debt is about \$55,000 each.

What's even more frightening is it's estimated to be growing at a rate of close to \$3 billion dollars per day. I think the numbers are so big they are incomprehensible for most of us and we've heard all of this so many times we've just become inured to it.

I get it. I really do so, let's try and get to the heart of the matter. Why is this really important and who cares?

Here is the bottom line. Our government requires a lot of money to operate and it needs a heck of a lot to finance not only the current deficit but more importantly future spending.

So where does the money come from?

Obviously a lot of it comes from the taxes you and I pay. Well maybe you and I pay. Odds are you've heard the oft-quoted statistic "less than half of

all American's pay income tax".

Our government typically is the largest holder of government bonds. But if the percentage of American's paying income taxes continues to decline, the funds needed to finance our debt must come from outside sources. Traditionally it's come from foreign governments such as China and Japan. China has been the largest purchaser of treasuries outside of our own self-financing.

One of the primary reasons is the huge trade surplus that exists with the United States. Bottom line- they take in more U.S. Dollars than they spend and they have to invest them somewhere.

Here's something you may not realize, that is a very, very important piece of the puzzle. Historically when various countries around the world settle trade it's done in U.S. Dollars, even when the U.S. wasn't involved in the trade. That's because we are/were the world's agreed upon reserve currency. If China did a big trade deal with Russia it was settled in dollars, not in the renminbi or the ruble. Never really made much sense to me but that's just the way we rigged the system early on.

But the U.S. Dollar Early Warning System is going off!

To put this in layman's terms the Chinese have basically said we are mad as hell and we aren't going to take it anymore. They are worried about our financial system, the declining value of the dollar, rating agencies devaluing our currency, and a political system that seems broken, or at best highly dysfunctional.

China has a plan and it has teeth and I mean big old nasty meat shredding T-Rex teeth! They are creating a whole new worldwide system of settlement in their own currency. It's like somebody yelled fire in a crowded theater because everyone headed for the door at once. It's almost like the rest of the world was just waiting for someone to come up with an alternative system that worked. The central bank of Germany has already become Europe's first renminbi facilitator or hub. The Bank of England and The People's Bank of China signed a facilitator deal April 1st. You know what kids always say, "Everybody's doing it."

I could write an entire newsletter about the ramifications this has for the dollar and our markets but for the sake of this article let's bring it back full circle.

Where were we..... let's see... less tax revenue to finance the deficit, China is clearly going to cut back on their purchases of treasuries, so where is the money going to come from?

Pensions, that's where!

The last estimate I saw was there is over \$21 trillion dollars sitting around in retirement plans. Now if that doesn't look like a tempting source of funding I don't know what does!

Obviously the President and Congress have all noticed the same thing. I've written a lot about their efforts to force retirement plans into treasuries with the latest being the President's new retirement plan, myRA. President

Obama's new retirement plan has only one investment option and that is government bonds.

Go to our website and read any of my past newsletters if you want to know about all of the efforts going on to force your retirement plan into treasuries. <http://www.offshoreira.com/our-blog/sovereign-newsletter>
. I'm not going to rehash them in this issue.

Retirement Plans are the Pot of Gold at the end of the rainbow and the beautiful thing is the pot keeps filling itself back up thanks to ongoing contributions to retirement plans. What a tempting target for financing the deficit.

The Retirement Plan Grab Early Warning System is going off and the U.S. Dollar Early Warning System is going off at the same time! It's the perfect financial storm.

There is an earthquake coming and it's bringing a Tsunami with it all of the way from China. You'd better do something about it while you can. You're not going to get a last minute warning. It's my hope you don't decide to leave your tent pitched with all of your worldly wealth right on top of the biggest fault line we've ever seen.

What can you do?

Move at least part of your retirement plan offshore. You can protect it while gaining access to a totally flexible, self-directed platform.

We've helped clients who were interested in making green renewable investments purchase things like, investments in a Hybrid Coconut Plantation in Brazil, a Coffee Plantation in Belize and a Reforestation Project in Panama. Of course you can own fabulous beachfront property all over the world.

For those who are more traditionally minded, we've helped clients setup foreign bank accounts and offshore trading platforms as well as precious metals purchases.

An IRA or a retirement plan really is the best vehicle with which to establish a foreign account. The new FBAR form, FinCEN 114 contains language specifically exempting Owners of an IRA and Retirement Plans from filing to report a foreign financial account held in an IRA. The new Form 8938, "Statement of Specified Foreign Financial Assets", also contains a similar exemption. For additional information please consult your tax advisor.

As always if you have additional questions or concerns please feel free to contact the office.

"Liberate Your IRA"

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Sincerely,



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