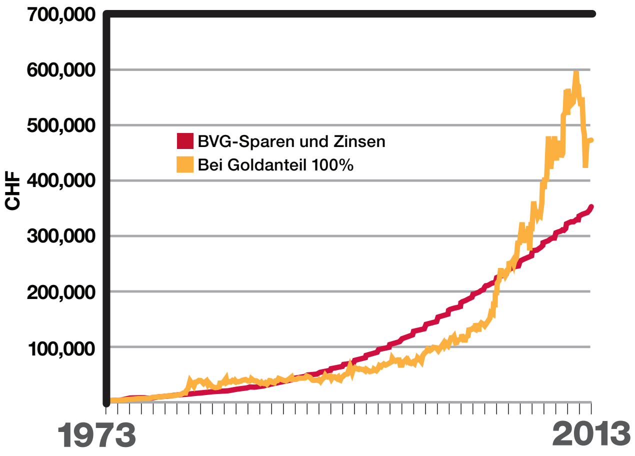
More security for savers, pension funds and life insurers

For a secure retirement, it is essential that savings can be invested long term. Today, however, savings are, due to the global debt crisis, in acute danger. Possible ways out of a debt crisis are on the one hand inflation and on the other hand bankruptcy. In both cases, savers are expropriated. Another variant of debt reduction is the so-called financial repression - by keeping the interest rate artificially low for a long period of time, savers are disadvantaged. The financial repression is in full swing worldwide, the return on safe investments is at a historically unprecedented low level, 30 - year Swiss government bonds yielded just 1.5 % in mid-2013. The global debt crisis is far from solved and represents a massive threat to any pension system

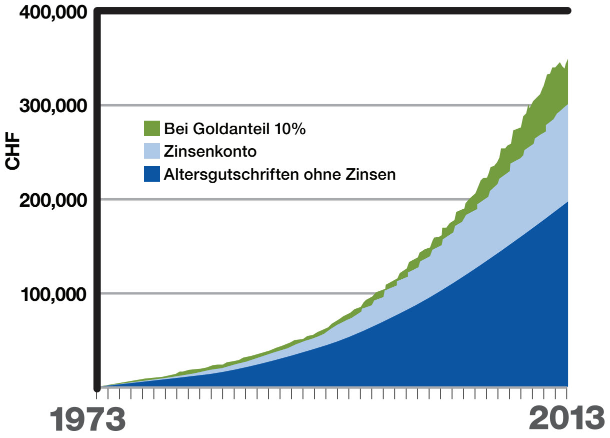
Gold is a hedge against the above- mentioned risks . Unlike virtually all other traditional investment vehicles (bonds, stocks, real estate) gold has no counterparty – that means that the value of gold does not depend on whether a loan will be paid back, if a company distributes dividends, or if a tenant pays his rent. Gold is not subject to the risk of bankruptcy, and its value cannot be inflated away. Gold is therefore an insurance against all kinds of accidents and disasters in the financial system and thus is ideal as part of retirement plans.

The graph shows the evolution of the assets in the pension fund of an employee who is retiring in 2013. One curve shows its current assets, ie the statutory deposits and interest.[1] The other curve shows the evolution of assets under the (unrealistic) assumption that the entire savings were invested in gold.



[1] Savings and interest rates after 1985 according to the then established pension fund law, regression with 2% wage increase and 4% interest per year

The next graph shows the performance of the pension fund assets with 10% of the savings invested in gold. A pensioner today would have several thousand francs additional spending power in his savings pot.



Conclusion:

Gold as part of long-term capital planning is an insurance against expropriation and inflation. This benefits savers, pension funds , banks and life insurance companies and thus the entire society.

Why this is not done today can be found at:

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