



Guest Expert: Kerry Lutz
Financial Survival Network

Date Aired: November 3, 2025

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Dennis Tubbergen:

You are listening to the Retirement Lifestyle Advocates Radio Program. I'm your host, Dennis Tubbergen. Glad you decided to listen in today. Joining me after the break in the second segment of today's program is returning guest Mr. Kerry Lutz. Kerry is the host of the very popular Substack Media platform and newsletter titled The Financial Survival Network. I'll get Kerry's take on the health of the US economy as well as his forecast for the financial markets, including stocks and bonds.

Moving ahead, if you have not yet created your free login to retirement lifestyle advocates.com, I would encourage you to do so. You can go to the website, create your free login, and once you do, you'll have access to the weekly podcast. All the replays of all the podcasts are also posted there. You'll get access to my weekly headline roundup newscast in which I take a look at current headlines and talk about how they might affect you and your dreams for a comfortable stress-free retirement. You'll also get a complimentary copy of my weekly newsletter titled Portfolio Watch, a lot of free resources all available at retirementlifestyleadvocates.com.

So, I have a question for you to consider. Today is the US government for the sixth time in its history about to default on its debt is history once again repeating itself. Now what I'm going to share with you in this segment was inspired by an article that was written by Nick Gian Bruno and it was published on International Man. And if you go to retirement lifestyle advocates and create a free login and check out my October 27 issue of Portfolio watch, there will be a link to the article and I'd encourage you to read the entire article. Now, when I ask if the US government is about to default on its debt for the sixth time in its history, keep in mind a default doesn't necessarily mean an outright default.

You would be correct if you said, wait a minute, the US government has never told a creditor you're not getting paid. That is true. The US government has never had an outright default on debt. However, the US government has changed the payback terms without the permission of the lender five other times in US history. I call this the history repeats itself principle of borrowing in dollars and repaying the debt in dimes. So let's go through these five other times in this segment and as we do, I think you'll see that there is a pattern here. I think you'll see that history is repeating itself. That's useful because as we go ahead and plan to try to put together circumstances in our own personal financial situations that will help us have a comfortable stress-free retirement, knowing where we might go is very helpful. So let's go all the way back to after the war of 1812.

After the war, the US government established the Second National Bank of the United States. This was a central bank that was empowered to literally create currency out of thin air in order to create currency, to make interest payments on the bonds that were issued to finance the war effort. Again, keep in mind this was after the war of 1812. The end result to investors who held US government debt was that they were repaid and US dollars that bought less than the US dollars that were borrowed. As I said, this is a repeating event and it allows the US government to borrow in dollars and repay in dimes. I should say that it's not just the US government that has used this principle, this technique if you will, this strategy for dealing with debt. This is now the really policy du jour of every central bank around the world.

Now we can fast forward in time from the war of 1812 to the Civil War. During the Civil War, this devaluation default was utilized. Once again, President Lincoln and Congress changed banking laws to allow banks to issue currency, provided the bank had gold, silver, or US government debt to back the created currency. Prior to these banking laws being changed, banks could issue currency, but they had to have gold or silver to back the currency. The law was changed to allow gold, silver, or US government debt to be used to create a market for US government debt. In fact, as an aside, this is what the recently enacted Genius Act does. The Genius Act allows any license entity to issue cryptocurrency called stable coins, provided there are US treasuries to back up the stable coins on a one-to-one basis. The only difference between what happened at the time of the Civil War and the Genius Act is that the currency created today is now in digital form and is called a stable coin versus a printed paper note. Now, if we fast forward in time to 1933, President Franklin Roosevelt at that time by executive order made it illegal for American citizens to own gold. At that time, federal Reserve notes were fully redeemable for gold at a rate of \$20 an ounce. By eliminating that fixed link between the US dollar and gold, there was no restriction on the amount of currency that could be created by the Federal Reserve. Once again, this is the devaluation default principle in action.

Now, up until 1968, something called a silver certificate circulated like the Federal Reserve notes, these certificates were redeemable for silver. So up until 1933, federal Reserve notes were redeemable for gold. However, that redemption privilege went away in 1933 when American citizens were required to turn in their gold. However, in 1968, silver certificates were eliminated with silver certificates going the way of the dinosaur. Now currency could be created, and the devaluation default could be used. Now, a bit of a backstory here, after World War ii, because the US government had more than 20,000 tons of gold in reserve, the US dollar was made the World Reserve currency as part of the Bretton Woods Agreement. This was

in 1944. Any foreign entity that had US dollars could exchange them at a rate of \$35 an ounce. However, because foreign entities increasingly took advantage of this redemption privilege, US gold reserves dropped from more than 20,000 tons to just over 8,000 tons, which is the level of gold that the US purports to have in reserve today.

In 1971, this redemption privilege of foreign entities redeeming US dollars for gold. At this rate of \$35 an ounce was suspended temporarily, and as we all know, that temporary suspension turned out to be permanent. Now, in 1971, American citizens could still not own gold. It was in 1975 that that law was changed and allowed American citizens to once again own gold legally. So this move in 1971 made the dollar a pure fiat currency and has allowed since that time for unlimited currency creation. So after the war of 1812, at the time of the Civil War in 1933, in 1968, in 1971, the payback rules were changed. That's five times in history that the US has utilized the devaluation default. Now it's my view that the US is using it again now as evidenced by the performance of gold and silver over the past five years.

Gold now is over \$4,000 an ounce. Compare that to 1971 when this link between the dollar and gold was eliminated, gold sold for \$35 an ounce. Does that mean gold is more valuable? It does not. An ounce of gold today makes the same amount of jewelry as an ounce of gold in 1971. The difference in price is 100% reflective of the devalued currency. Now as I'm recording this, the Fed has just announced that they will cut interest rates by another quarter point. There is increasing political pressure to further loosen monetary policy, and this will simply accelerate the rate at which the devaluation default occurs. So, if you're planning for retirement or you're developing an income model for the future, this should be a top factor in making your portfolio allocation decisions.

As I close this segment, let me remind you that if you've not yet gone to retirement lifestyle advocates.com and created your free login to get access to all the free resources there, I would encourage you to do so. I'll be back after these words with my special guest, Mr. Kerry Lutz, Dennis Tubbergen here, host of the Retirement Lifestyle Advocates Radio Program. If you've not already done so, I'd like to invite you to go to the website retirement lifestyle advocates.com and create your free login. Once you've created that free login, you'll get access every week to the podcast. You'll get access to the headline roundup newscast. You can also participate live in that newscast every Monday at noon. You'll also get a copy of my Portfolio Watch newsletter every Monday. Again, the website, retirement lifestyle advocates.com. It's free. What are you waiting for?

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. I have the pleasure of chatting today with returning guests, Mr. Kerry Lutz. If you're a longtime listener, you recognize Kerry as the author of many books, but the most recent, the World according to Martin Armstrong, and you'll want to stay tuned next week for an exciting update on that topic. Kerry also has a very popular Substack newsletter and media platform. You can go to kerrylutz.com and check it out. And Kerry, welcome back to the program.

Kerry Lutz:

Hey, always a pleasure to be here with you, Dennis. I love your work

Dennis Tubbergen:

And likewise, Kerry. So, let's just jump in. I'd like to talk a little bit about stocks in general. To get started, the Buffet Indicator near or at an all-time high, we have a cyclically adjusted price earnings ratio that's now back at near a high over 36. What's your forecast here for stocks? It seems like stocks keep going up, but I can't point to the reason why. What about you?

Kerry Lutz:

It's a simple matter. I think Armstrong, Martin, Armstrong has nailed it. I've been interviewing him since 2011 and he said the stock market's going to keep going up because what you have not so much yet in this country, although to some extent it's so, but a loss of faith in and confidence in European markets and banks. So, the money is just pouring in here, and that's China too. Asia, there's big, even though on the one hand we're in a trade war with China. On the other hand, flight capital from China continues coming into the US and it's not going into bonds. There's definitely a loss of faith in government bonds, so it goes into the stock market. So yeah, we're going to have volatility for sure, but until there's a better place to put tens, hundreds of billions, trillions, it's going into the market.

You can't have a trillion-dollar gold purchase that would drive the price of gold up to a hundred thousand dollars an ounce overnight. So, it happens over time. Money goes into gold and silver, which is why gold and silver are going up, and cryptocurrency Bitcoin as well. It's all loss of faith in the system. Every dollar going into Bitcoin, every dollar going into gold and silver, it's loss of faith and they can knock it down periodically like what's happening now, just in time for the options expiry on October 29th. And then you know what? It'll go back up again is my guess. It'll take some time, perhaps technical damage to the market, but you can't stop a trend.

Dennis Tubbergen:

So, I want to go back to stocks here in a minute. So, you view this recent pullback in gold and silver as just that it's just a pullback because it got a little bit ahead of itself. You think it's going to consolidate and continue to rise then? Is that your forecast?

Kerry Lutz:

Yeah, the tree does not grow to the sky. It was beginning to turn into a parabolic move, and parabolic moves are not sustainable in the long run. So that combined with the desire of the folks on the Comex to not take big hits on their options positions, it was inevitable. But now you'll see premiums widen, you'll see premiums widen, and you'll see more money, smart money pouring back into the sector. It's good to have these periodic pullbacks. Even if I wasn't a conspiracy theorist, I would say this type of thing is going to happen anyways because optimism outruns reality. But in this case, we're at the beginning of these markets and there's really no stopping it.

Dennis Tubbergen:

So just to go back and revisit stocks for a minute, when you look at this rise in stocks, it certainly has not been a broad-based rally in stocks or broad-based bull market of late anyway. AI seems to be pulling a lot of the weight here. How do you see AI moving ahead? Do you think this is a bubble? And if so, how does that affect the overall market? Is there another sector that you see coming in and taking the place of AI?

Kerry Lutz:

Yeah, that's a good question there and when people say that to me, but it is a good question because it really cuts to the chase and that is that AI stock market boom. How long can that go on much? How fast can it keep going? It's staying power. And we were talking pre-call about how it's exactly like the.com boom of the late nineties, early two-thousands, and that is that the technology is here to stay, but the companies aren't. And basically, in the late 1990s, companies were just calling themselves.com, even though maybe they had a little website that said under construction, but they became a.com company overnight and bid up to the moon and ai. Similar thing, but the technology is here to stay. It's transformational. And I don't know what companies are going to live or die. I assume that companies like X, XAI and OpenAI, they're here to stay.

I assume that Google and Gemini, Microsoft, Copilot, and the other big tech platforms that have adopted it. I mean, I'll tell you what, I'm involved in a conflict right now with Google Alphabet over throttling my channel. I proved it with ai. I actually proved exactly what they were doing. But what I came to realize in analyzing exactly how the company works, they're being run by ai. Yes, they have people that need to do things, but AI is effectively running their platforms. There's virtually little or no human intervention left in their platforms. The AI literally runs it. It isn't somebody, maybe they have to have human interaction with certain types of content. I don't know that. But basically, everything is happening through the algorithms. Very little human input is running the company other than setting policies, deciding where to go. I think this is happening in our political structures too.

I think in the White House, I call it Trump, GPT, I think that's setting policy. Trump makes the decisions. It's not like Trump is sitting watching TV 12 hours a day and not doing anything, but before they make a decision, before they decide what to do, they war game it through their ai, and then the decision gets made based on the results of simulations and such. So yes, AI is here to stay. Are the companies here to stay? Yes, some of them for sure, but most of them will go bye-bye. Or a large portion, just like what happened in the dot coms.

Dennis Tubbergen:

Kerry, as you were talking, I'm reminded of the fact too that we had the American auto industry that evolved in the twenties and thirties, same kind of thing. It was a new technology. Lots of companies actually popped up, but we ended up with three companies once the dust settled. So, this is not anything new.

Kerry Lutz:

Hey, and through the ai, partly we have now a fourth big three company, Tesla. And honestly, I followed that company from the beginning because I'm a car guy and I never thought they had a prayer of actually attaining permanency in the space because it had never been done since the Great Depression. The big three had been the big three. Studebaker dropped out in the fifties, early sixties, but they attained the impossible, which in and of itself should tell you something that the big three ain't going to be the big three much longer. I think it's going to be the big one and a half. I think that the large auto manufacturers, domestic especially, but European as well, will all have to team up with Tesla to survive. There is not going to be any other way because Tesla is the only company in the world that can build an EV

combined with AI and actually be profitable. None of the Chinese companies, Dennis, are profitable on their EV sales at all. None of them.

Dennis Tubbergen:

Kerry, let me shift gears for a minute. A lot of news here recently of maybe some trouble in the banking sector. I think it was Jamie Diamond who came out and said that I probably shouldn't say this, but this write off we just hit is kind of like a cockroach. There's probably not just one of 'em. What impact do you think this will have on the economy moving ahead, if any?

Kerry Lutz:

Well, remember a year and a half ago we had the regional bank crisis, and everyone seems to have forgotten it. The banks are doomed no matter how you figure it. Hopefully the party can continue, maybe the AI can figure out a way for them to get out of this, but a lot of what they do, they're not what they used to be. I always thought they were intermediaries and they brought in capital and then they invested capital loaned it out. But they've just become like another casino on the Vegas strip. They don't perform their traditional functions, which means that yeah, they're going to have loan write-offs, but a lot of their profits don't even come from making loans. It's fx, right?

It's basically trading profits, although a lot of their prop stuff has gone away, but they're not like what they used to be here. And then after the last financial collapse, I think they kind of just became basically kiosks for the Fed. They owe their existence to the Fed and they're at the mercy of the Fed for rules. So yeah, they can put out some nice credit cards and they get fees, but interest income from making loans to worthy businesses just seems to have taken a back seat. So, if you're making a ton of your profits from fees on bank accounts and from credit card income and consumer lending auto loans, they like that they'd much rather make an auto loan or a credit card loan, than a business loan. How did this happen here? So, their function as allocators of capital has been greatly distorted in, I would even say perverted. So how they survive in the future, I am not sure.

Dennis Tubbergen:

Do you see then repeat of what we saw in 2007, 2008, or do you think we're going to see something similar but to some order of magnitude larger?

Kerry Lutz:

Good question. And it could, as long as the federal funds, as the foreign flight capital keeps coming into this country, the banking sector, the big banks will probably be okay. That's where a lot of their deposits come in, because if you're a European fund manager and you got to park money overnight or for the weekend, are you going to put it in a European bank or are you going to put it in a US bank, right? You're going to put it in the US bank. So, it's a big Ponzi scheme and all that, but they've managed to keep the game going a lot longer than Charles Ponzi ever could have imagined, was possible even longer than Bernie Madoff, right? So, there's certainly risk. And in the final analysis though, the Federal Reserve was created to manage those bank runs. You can't really have a bank run anymore.

Dennis doesn't exist because a bank run happened. When you go to the bank on the corner that was basically in danger of collapsing, take your money out in cash and go to another bank, another bank that appeared to be safer and deposit it there. Well, you can't take the cash. You can get a check from one too big to fail bank and put it in another. So yes, there's going to be these periodic scrambles and big names collapsing, whatever, but in the end, as long as the system goes on, I think the banking sector will go on. But in the long run, I think they're probably doomed.

Dennis Tubbergen:

So Kerry, that seems that the Fed will likely have to get involved at some level. And then when we look at the national debt now, just going from 37 trillion to \$38 trillion, I think in 75 days, which is an all-time record, debt accumulation at the federal level is accelerating as well. Lot of pressure on the Fed to drop interest rates likely in my view, probably going back to QE at some point. Doesn't this all point to a highly inflationary environment in the future, despite what the current numbers might say?

Kerry Lutz:

Oh yeah. I think the inflation is baked in the cake there. There's really nothing that can really stop it that I can see if I'm wrong, I'd love for people to point out to me, but you've got all this government debt, and it's got no place to go. So, who's going to buy it? The buyer of last resort, which becomes the buyer of first resort, the Fed, other countries will stick money in there overnight, but they're not going to be long-term purchasers of the 30 year or the 10-year, 10 year bond. They're just not going to do it. It makes no sense, and the risk is too high. So yeah, the system is unraveling. Can the AI figure it out before it collapses? That's, I'm sure every Elon Musk

showed this in Doge, and you can debate whether Doge had an effect or not, but I think what Doge showed us is that using ai, look, the goal is with the Doge AI tool, is to eliminate half of the federal regulations by Trump's anniversary, first anniversary of his swearing in January 20th, 2026.

Imagine what'll happen if they can eliminate half of the Fed rules and regulations. I mean, that is true Liberation Day. So, the future is always uncertain. Nobody calculated in ai, but AI is having a profound effect on every government, federal government agency, and now they're going to be doing it in places like Florida, and I see a lot of people with no jobs, but I see a lot more efficiency and ability to actually accomplish things. Even in my own life, I've seen it where it's helped me produce content. It doesn't write the content for me, it doesn't write my books for me, but it makes me a much more efficient writer and content producer, creator as they like to say.

Dennis Tubbergen:

Well, the clock says we're going to have to leave it there. My guest today has been Mr. Kerry Lutz, his latest book, the World According to Martin Armstrong, is a terrific read. There's an exciting announcement, as I stated at the outset of this segment coming up on that very topic next week and be sure to check out Kerry lutz.com and there you'll learn more about Kerry's popular newsletter and media platform. Again, the website, [kerry lutz.com](http://kerrylutz.com). Kerry, hey, thanks for joining us today. It's always a pleasure to catch up with you and let's do it again sometime down the road here.

Kerry Lutz:

Hey, excellent, Dennis, and you're always welcome on my show. We'll have you on there in a couple of weeks, and hey, it's amazing what's going on right now, and opportunities have never been greater,

Dennis Tubbergen:

Could not agree more. We will return after these words.

Dennis Tubbergen here, host of the Retirement Lifestyle Advocates Radio Program. If you've not already done so, I'd like to invite you to go to the website [retirement lifestyle advocates.com](http://retirementlifestyleadvocates.com) and create your free login. Once you've created that free login, you'll get access every week to the podcast. You'll get access to the headline Roundup newscast. You can also participate live in that newscast every Monday at noon. You'll also get a copy of my Portfolio Watch newsletter every Monday. Again, the website, retirement

lifestyleadvocates.com. It's free. What are you waiting for? Welcome back to RLA Radio. I'm your host, Dennis Tubbergen, and thanks again to my special guest, Mr. Kerry Lutz for joining me on today's program. Well, that didn't take long, did it? The national debt went from \$37 trillion to \$38 trillion in just 71 days in slightly more than two months, two months and 11 days to be exact.

The US government racked up a trillion dollars in debt. US government debt accumulation now resembles a snowball rolling downhill. The faster it goes, the faster it goes. The national debt of the United States hit 34 trillion in January of 2024. By November of 2024, just 10 months later, it eclipsed the \$35 trillion mark. It took 188 days or about six months for the debt to grow from 35 trillion to 36 trillion. When debt grew from 36 trillion to 37 trillion, it took a rather deceptive 265 days, and the reason for the slower growth was because the US government hit its debt ceiling. It wasn't because spending slowed. It wasn't because tax revenues increased.

The slower growth in the debt is 100% attributable to the US government hitting its debt ceiling, and they couldn't borrow money until the One Big Beautiful Bill Act was passed and raised the debt ceiling by \$5 trillion. When the One Big Beautiful Bill Act was passed, the national debt stood at 36.2 trillion, and it took less than two months for the government to borrow \$800 billion, which saw the national debt exceed 37 trillion. Now, two months later, or I hear more, we now have \$38 trillion in debt. The problem, of course, is spending. In the 2025 fiscal year, the US government spent over \$7 trillion. That was an increase of more than 4% over the prior year.

Now that transfer payments, which include social security, Medicare, Medicaid, snap unemployment, now the transfer payments are at 5 trillion and transfer payments and interest on the debt combined to exceed \$6 trillion annually, the rate of growth of the debt will have to continue to accelerate. The snowball will continue to roll downhill faster and faster and get larger and larger. That has to mean more currency devaluation in my view, as I talked about in the first segment, and now of course would be a great time to adjust your portfolio holdings accordingly.

As you've heard on today's podcast, there are lots of free resources available at retirementlifestyleadvocates.com only a free login is required. I'd invite you to go there and check it out. That's all the time I have for the program this week, but I'll be back again next week with a brand-new program.