

Financial Advice for the End of the World

Investors have no shortage of things to fret about these days. An aggressive stock slump, emerging markets in turmoil, an agonizingly slow jobs recovery.

But what if things really hit the fan?

As in, a total financial system breakdown? Or runaway inflation, on the heels of money printing by the Federal Reserve? Or some unforeseen black swan, like overwhelming natural disasters or armed conflict?

Then you might want to give David John Marotta a call. (Assuming your phone still works.)

That's because the Charlottesville, Va., founder and president of Marotta Wealth Management has a plan in place.

In response to clients who kept sending him panicked emails about dystopian futures, Marotta put together a series of articles about what to do with your finances if we are ever actually faced with TEOTWAWKI ("The End of the World as We Know It").

"We have a number of clients who read disaster-oriented newsletters, and are always sending them to us because they are worried and can't sleep at night," says Marotta, a 53-year-old married dad of two. "What I found is that these newsletters usually give really bad financial advice."

"It just doesn't make sense if the world is ending. And it makes even less sense if the world isn't ending."

To be clear, Marotta doesn't actually believe that the End of Times is nigh.

Instead, his end-of-the-world pointers are much like when the Centers for Disease Control and Prevention recently provided tips on how to deal with a “Zombie Apocalypse.”

Obviously, the government agency doesn’t believe that rampaging zombie hordes are imminent (presumably, anyway). But CDC staffers saw it as a tongue-in-cheek opportunity to get people to talk about emergency preparedness—which they did.

In the same spirit, Marotta decided to dole out financial advice for so-called “Doomsday Preppers,” those folks who want to be fully prepared for whatever craziness is headed our way.

The typical advice to stockpile gold, for instance? He thinks it’s a dumb idea; if there really is a societal breakdown and people have more immediate needs like food and water, having a few shiny bars in your basement is not going to be super useful.

Doomsday Moves

Should you sell all paper assets like stocks and bonds, as some Preppers suggest? Nope, Marotta says—they should retain their inherent value, except in the most extreme scenarios. How about buying your home outright? Again, no—a 30-year fixed mortgage at today’s low rates is an excellent inflation hedge.

Other typical end-of-the-world advice, though, Marotta sees as not so terrible.

Should you get out of credit-card debt? Sure, that’s always a solid strategy, whether or not the sky is on fire. Should you achieve a measure of self-sufficiency by generating your own energy and growing some of your own food? Absolutely.

And you should always have extra supplies around to last your family at least a couple of weeks, like food, water and medical gear. Such preparedness could come in very handy for lesser emergencies that happen all the time, like floods or

hurricanes or power blackouts.

Think of such personal preparedness as part of a high-stakes chess match. In fact Marotta was a child prodigy at the strategy game, playing for the State Department team as a teenager (his dad worked there) and almost going professional.

In chess, you have to think multiple moves ahead, analyze all possible outcomes, and know that the ultimate result could be determined by seemingly insignificant decisions you make early on. So it is with both life and the stock market.

“The stock market is like chess in slow motion, but the prize money is much better,” says Marotta, a fan of chess greats like Bobby Fischer and Anatoly Karpov, who started beating his dad at age six. “You have to be a student of history, and analyze past games. You also have to be very patient.”

“As a young chess player, I learned to ask myself four questions: ‘What just happened, what might happen, what can I do, and what should I do?’ Those four questions are valuable for almost everything in life – including the stock market.”

When Marotta’s musings about a potential financial apocalypse went viral—thanks largely to being picked up by the popular website The Drudge Report—perhaps no one was more surprised than Marotta’s own family.

“I would have never guessed it,” says Megan Russell, Marotta’s daughter and a systems analyst at the firm.

That’s because the central irony of Marotta’s newfound fame is that he may be one of the least-prepared folks in his own office. He doesn’t consider himself a survivalist, and he’s not armed to the teeth against the invading hordes.

Heck, he doesn’t even have a “Bug-Out Bag,” the sack of key supplies that almost all Preppers have ready for when they need to get out of Dodge in a hurry.

There is one thing, though, that he plans to have on hand if the world ever does fall apart.

“The liquid assets that will be most valuable at the end of the world will probably be bottles of Jack Daniels,” he quips. “It tastes way better than gold—and there will be much higher demand for it.”

The writer is a Reuters contributor. The opinions expressed are her own.

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