

AIG's Dangerous Collapse

& A Credit Derivatives Risk Primer

by Daniel R. Amerman, CFA | September 17, 2008

[Print](#)

Overview



While it may look superficially similar to the recent implosions of such investment giants as Fannie Mae, Freddie Mac and Lehman, the takeover and bailout of AIG is quite different, and means that the market is entering the next and even more dangerous phase. What is driving the fall of AIG – and potential government losses that may far exceed the \$85 billion bailout announced late on September 16th - is not mortgages or real estate (directly), but fears that AIG's huge, global credit-default swap positions will unravel. The \$62 trillion dollar credit derivatives market is **50 times** the size of the subprime mortgage derivatives market, and is indeed *larger than the*

entire global economy.

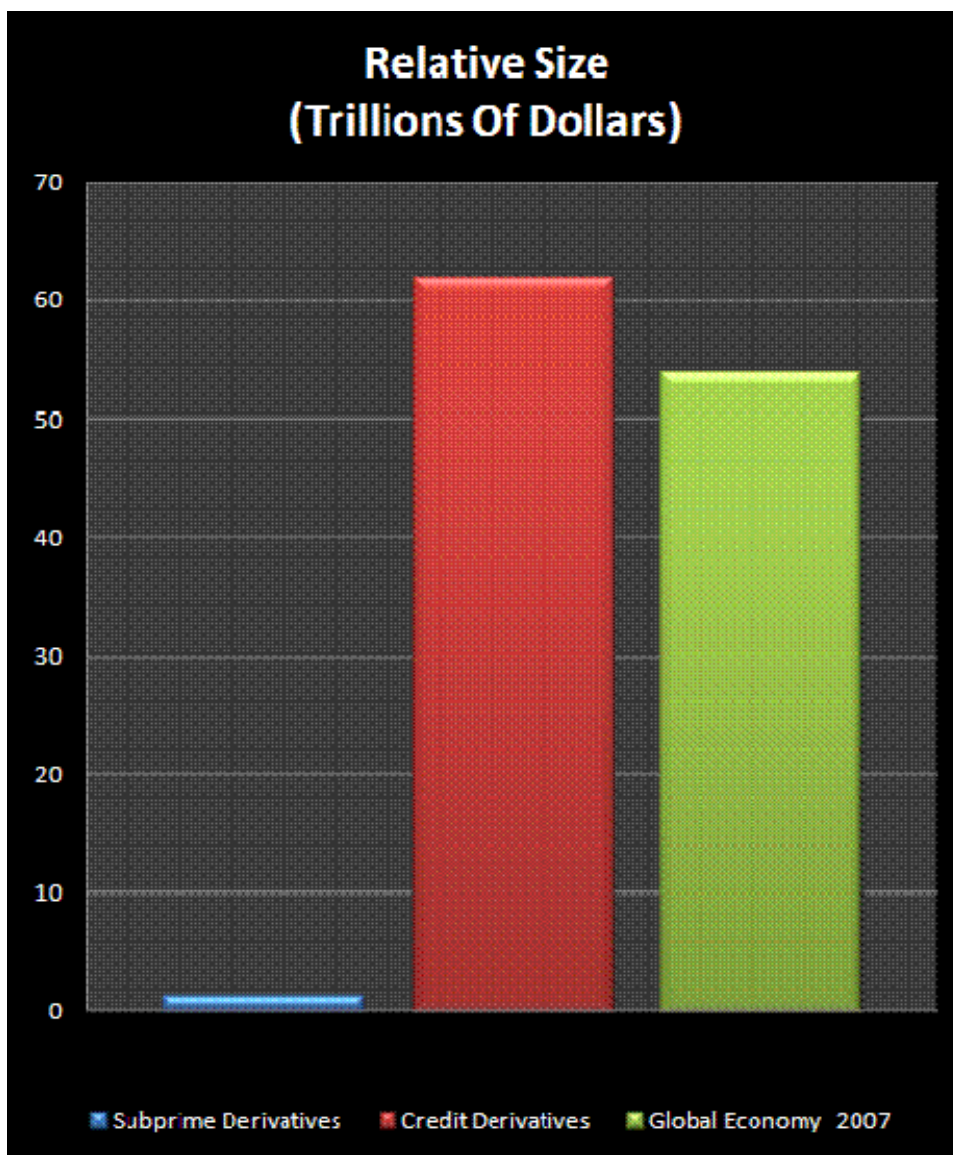
Unfortunately, few people understand credit derivatives, or the full risks to the United States and global markets and economies. In this article, I will take a Credit Derivatives Primer that I published in the spring of 2008 - which anticipated this exact type of event - and update it for the current situation. Through reading this article, you should be able to greatly increase your knowledge of what credit derivatives are, and why they are a far greater danger than subprime mortgages. We will end with introducing some concepts about how individuals can protect themselves and even profit from these unprecedented market conditions – something you won't find in recent financial history or conventional investments.

The Rapid & Dangerous Collapse of AIG

“The particular risks that brought the company (AIG) to the brink of bankruptcy seem to lie not with its core insurance businesses but with its derivatives-trading subsidiary [AIG Financial Products](#). AIG FP, as it's called, merits a mere paragraph in the nine-page description of the company's businesses in its [most recent annual report](#). But it's a huge player in the new and mysterious business of credit-default swaps: derivative securities that allow banks, hedge funds and other financial players to insure against loans gone bad.” **Time**, September 17, 2008

On September 1st, few knew that AIG, the largest insurance company in the world with over \$1 trillion in assets, was in deep trouble. By September 12th, the rumors about major trouble were everywhere. By September 15th AIG's corporate life expectancy was being measured in days, and the question was: bankruptcy, buyer or bailout? By the evening of September 16th, the federal government had massively intervened, making an \$85 billion loan to AIG in exchange for a controlling 79.9% equity share of the company.

Welcome to the brave new world of credit derivatives driven collapses. A world that is far more dangerous than the world of subprime mortgage derivatives. A complex world that because of its sheer size can potentially cause more damage in a matter of days than the subprime mortgage derivatives caused in their first year in the headlines. The chart below shows the relative size of the credit derivatives and subprime mortgage markets.



How great is the real danger? The bulk of the remainder of this article explains the extent of the danger. With a few market changes, this is the credit derivatives primer as published at numerous websites on May 2nd of 2008. There is also new material at the end of the article, talking about what could be anticipated, and introducing some solutions.

A Credit Derivatives Primer

In the article, [*The Subprime Crisis Is Just Starting*](#), we explored the roots of the subprime crisis, demonstrated how mortgage securitizations work, and then used this knowledge to show why 2008 could be a much more dangerous year for the subprime mortgage markets – and the global financial system – than 2007. In this article, we show how the same fundamental – and quite human – motivations that created the subprime market crisis also imperil the \$62 trillion global credit derivatives market.

Assumptions and Extraordinary Personal Profits

Let's consider the simple heart of what credit derivatives are all about. A major investor has the opportunity to make an attractive-looking investment that involves taking a risk. For instance, a bank or insurance company sees an opportunity in lending to a corporation, but they are concerned about the financial safety of the corporation. They would prefer to keep most of the positive returns from the investment, but not take the risk of the company defaulting. So, as the employee of a company that creates financial derivatives (a credit swap in this case), what you do is promise – for a fee – to take the risk for them. Your company makes assumptions about how bad the risk will be, and based on those assumptions, you determine that this trade is profitable for your employer. You then personally take a nice chunk of those profits in your next bonus as a reward for having been smart enough to get your company into this lucrative transaction. And because this upfront booking of expected profits from these transactions is so lucrative, not only do you get an enhanced bonus -- but so do the other members of your group, your supervisor, their supervisor, and the president and other senior officers of the firm.

Now, this is not to say that you and the other members of your group have entirely assumed the risk away. You make some allowance for the possibility that out of all these contracts that you're entering into, you may have to actually make some payments. To cover the possibility of losses, you set aside a reserve, or buy a credit derivative from another company to cover, or both. The key to your bonus this year is the particulars of the assumptions that your group makes about what those expected losses will be in the future. The lower the assumption for expected losses, then either the greater your profits in a given transaction, or the more competitive your bid, and the greater your chances of beating out competitors who are seeking the same "lucrative" business.

For example, if your firm is being paid \$12 million to guarantee payment of a \$500 million loan for ten years, and your group assumes there is a 4% chance of having to pay out \$250 million on that guarantee, then your expected losses are \$10 million – and your

firm's expected profit is \$2 million. This is shown in the top chart below, "Making Money With Credit Derivatives".

Making Money With Credit Derivatives			
Size of Guarantee:			\$500,000,000
Credit Derivatives Fee:			\$12,000,000
Assumptions:			
Size Of Loss:		\$250,000,000	
Chance of Loss:		4.00%	
Expected Loss:		\$10,000,000	\$10,000,000
Transaction "Profits":			\$2,000,000

Making A FORTUNE With Credit Derivatives			
Size of Guarantee:			\$500,000,000
Credit Derivatives Fee:			\$12,000,000
Assumptions:	(Change)		
Size Of Loss:	-10%	\$225,000,000	
Chance of Loss:	-13%	3.50%	
Expected Loss:	-21%	\$7,875,000	\$7,875,000
Transaction "Profits":	100%		\$4,125,000
Copyright 2008 by Daniel R. Amemmen, CFA, InflationIntoWealth.com			

However, let's say that your group comes back and re-examines those assumptions. You find that if you make fairly minor and quite reasonable appearing changes to two of your assumptions, the potential loss on the derivative drops from an expected \$250 million down to \$225 million. Make two other minor changes in other assumptions that are also each individually reasonable, and the chances of that loss occurring drop from 4% down to 3.5%. As shown above in "Making A FORTUNE With Credit Derivatives", rerun the numbers with a 3.5% chance of losing \$225 million – and your expected losses drop to \$7.9 million, while your profits just doubled, going from \$2 million to \$4.1 million!

Now, it quickly becomes clear to any reasonable person that if you can double the profits your firm recognizes on a transaction by keying in four small assumptions changes on a computer model, each of which sounds individually reasonable, and the end result of those changes is to double the bonus you get paid this year – then the key to making some

serious personal money is making the right assumptions! Something that is equally plain to your peers at competitive firms.

The Vital Role Of Competition

Ah, competition! Competition is where the process starts to get interesting over time. Competition for credit derivatives business, for these easy profits, means that you and others in your company have powerful personal incentives to make aggressive assumptions about how low credit losses will be, and to validate your co-workers assumptions as well. If your assumptions are not aggressive enough, you don't win any business, you don't earn bonuses, your bosses don't earn bonuses, and you are quickly out of a job.

The institutional culture then very quickly becomes that if you want to keep your job – you and the other members of your group make aggressive assumptions. If you want to make big bonuses – you make **very** aggressive assumptions about how low the losses will be on the credit derivatives, which then translates into increased business for you. And yes, other people will need to sign off on your group's assumptions – but they are in the same institutional culture as you are, with their own personal reward systems that are based on the company making money. Also keep in mind that even the internal (theoretical) watchdogs are put in place by senior management, who have their own incentive structure, which is based on the company making lots and lots of money *this year*.

In a free market, where all the employees and senior management of all the financial firms want their piece of this lucrative action, the first thing that happens is that the firms with **aggressive** assumptions keep the firms with conservative assumptions from getting any business. And then, because we have competition going on here, in the next stage of the cycle, the **very aggressive** assumptions firms take the business from the merely aggressive assumption firms. Then in the next cycle, the people making the **very, VERY aggressive** assumptions take the business away – and the bonuses away – from the merely very aggressive assumptions makers.

To understand this process – you have to understand just how much money there is to be made by playing the game by its own rules, which may have very little to do with maximizing long-term shareholder value. Personal bonuses can be millions per year (with far higher payouts for hedge fund managers). As an individual who is in the right place at the right time – you can make more money in one good year than a doctor or airline pilot will make in a career. Except there is none of this medical school, or being on call, or flying over the Pacific Ocean business involved, there's just sitting at a desk and manipulating some numbers while working the phone. As a corporation you can mint profits by the billions and tens of billions, without going through that messy business of actually building things, or selling toilet paper, or drilling for oil in two miles of ocean or such.

A Real World Case Study: Subprime Mortgage Derivatives

Where does this take us? What happens when firms compete to make ever more aggressive assumptions in the pursuit of some of the most extraordinary profit levels in the history of business, in nearly unregulated markets? As it so happens, we have a pretty good case study that is still unfolding for us right now, in a real world derivatives market that is tiny in comparison to the overall credit derivatives market. In the case of the subprime mortgage derivatives market, by the time the **very, VERY** aggressive assumption makers had bested the **very** aggressive assumption makers, hundreds of billions of dollars of mortgage loans were being routinely extended to people:

1. With poor credit histories of repaying their prior loans;
2. Who put no equity into their homes;
3. Whose self-reported and sometimes unverified incomes barely qualified at the initial teaser rate; and
4. Who had no known means to come up with the additional money when the mortgage reset upwards from the teaser rate to the real rate.

Of course, you don't need an MBA or PhD in finance to understand the problems with the loans above. That said, there are ways to make very good money through lending to subprime type borrowers – but you need a way to deal with the foreclosure losses other than just assuming that the losses won't occur, or that when the musical chairs ends and everyone sits down, it will be the other firms who are left standing.

Because, it just so happens that home buyers of limited means with bad credit and no savings often can't pay their mortgages when the payments skyrocket, and this leads to quite real losses that puncture all the levels of assumptions and risk passing. And these real losses do end having to be borne by investors after all, with implications that are still shaking the overall financial system. (This subject is covered in detail in the article “**The Subprime Crisis Is Just Starting**”.)

Sure, there were red flags everywhere – obvious, glaring unmistakable warning signs. But no one really cared. Indeed the investment banks were ignoring their own due diligence reports, because it was a party where enormous personal wealth was being “earned” – and paid out in entirely real and spendable bonuses – so long as you played your role in the game aggressively, with no rewards for those who doubted.

(Eminently respectable senior executives from the most prestigious financial institutions in the world might very well strenuously object to the content of this article, and insist they have very tight internal controls that make this treatment ludicrous. The credit derivatives market is a complex place, with a huge array of different types of derivatives, and there is more to the internal setups than we can cover in this simple article. That said, when you hear some eminently respectable senior executive on TV speaking of standard deviations and assuring you that you have nothing to worry about – do keep in mind that such assurances are being delivered “buck naked” so to speak. The subprime crisis really is in process, the mistakes made were not “Black Swans” but of the simple human greed variety, and as in the story “The Emperor's New Clothes”, the lack of clothing is difficult to deny.)

A Key Difference: The Number Of Assumptions

We need to keep in mind that there is an important difference between the smallish subprime mortgage derivatives market and the much larger credit derivatives markets. Mortgages are dirt-simple in comparison to the complexities that are involved with corporate credit analysis. With a mortgage, you have a house, you should have a pretty good idea of the value of the house (or so lenders thought), you have an individual borrower with an income stream and a source for that income, and you have a credit history. Put all those together and you have a reasonable idea about whether that individual can pay their loan, and put a thousand people like that in a pool, and you should have a very good idea about the likelihood of repayment. Yes, there are many complications in mortgage derivatives structures (as I cover in my books on the subject), and all sorts of “fun” investor challenges with prepayments and tranching and convexity and the like, but the underlying product is not all that difficult to understand.

Corporate derivatives are an entirely different ball game. With corporations you need to assess complex financial structures. You need to look at the industry as a whole, assess the relative competitive standing of the company, look at foreign competition, examine comparative growth rates, subjectively evaluate management capabilities, and dive into the footnotes for clues as to pension and health-care exposure, as well as including a wide array of other risks and factors. All of which require using assumptions. Now, as we saw earlier in this article, assumptions are where the money is made when it comes to derivative securities. When we compare the corporate credit derivatives market to the subprime mortgage derivatives market -- there is far more room to make money through making aggressive assumptions with corporate derivatives.

The Second Biggest Assumption: Recessions

There are a couple of credit derivatives assumptions that have the potential to dwarf the others. We will start with the lesser of the two mega-assumptions that have to be made, and that is: do you price for the possibility of a recession? You know your profits are going to be far, far higher if you don't include the possibility of recession. Indeed it might be difficult to get business at all if you build the possibility of a serious recession into your credit derivatives pricing.

And how much business can you get if you price for the chance of a recession but your competitor does not? Can you stay in the credit derivatives business at all?

It is when we assume the possibility of a recession, let's say in 2008, that the situation truly becomes worrisome. As we saw with subprime mortgages, there are problems with taking profits based on assumptions when real losses can occur. If you're looking at \$20, \$50 or \$200 billion in real losses on mortgage derivatives, then that money really needs to come out of the capital bases of the companies that have purchased the derivatives for profit. The entire financial system cannot successfully pass the risks off through ever more “sophisticated” financial modeling, until the risks have been assumed away altogether. Rather, the real losses have to be really borne by someone in the system, with

real pain if the losses exceed the reserves. That is the basic, common sense point that was being nearly universally ignored by the major financial firms in the subprime market. This basic principle is what is causing the decimation of the capital bases of such companies as Bear Stearns, Citibank and Merrill Lynch, and their needing to find additional investors.

Do you believe that such a financial system – one that refused to consider what would happen when a marginal home buyer **inevitably** had their rate reset **within one year** – would prudently pass up huge amounts of fee income in a far larger market, to make sure that their corporate credit derivatives business could withstand the **possibility** (but not certainty) of a recession over the next few years? Which firm do you think would get the derivatives business: the one that charged whopping fees because they made conservative assumptions that fully priced in the next recession, or the equally prestigious, world famous firms that charged much lower fees by ignoring the possibility of recession? What do you think the individual employees did if incorporating recession assumptions meant getting no business and losing their job, whereas ignoring the possibility of recession led to promotions and multimillion dollar bonuses?

The Biggest Assumption: Systematic Risk

Our second mega-risk assessment is the truly dangerous one: do you include in your wildest assumptions the possibility that every derivatives contract which you are underwriting is not independent but may all go into a recession simultaneously? And what happens to the capital base of your employer at that point?

Let's go back to our initial example of taking a \$12 million fee for guaranteeing \$500 million in corporate debt, where you think there is a 4% chance of losing \$250 million. The idea, as with any insurance product (which is what credit derivatives essentially are), is that you sell that same guarantee on 500 companies, and you ultimately have to pay out on 20 of the 500 companies (4%). You pay out \$5 billion – but you take in \$6 billion from the 500 fees of \$12 million each, plus you get the investment earnings on the \$6 billion until the payouts occur, so the whole business is (theoretically) lucratively profitable.

Now the problem is that this model assumes that each company is an independent risk. Kind of like insuring 50 homes against the chance that an electrical fault will cause one house to burn. But what if the problem is not an electrical fire, but a wildfire burning out of control, and the homes you are insuring are on a bone-dry hillside in Southern California? The risks are no longer independent, and instead of losing on just one insurance contract – you lose on 20 out of the 50 contracts.

The credit derivatives equivalent of the wildfire scenario is imagine what happens if a recession hits the entire economy, rather than just one company. Let's say that recession does hit, it's a bad one, and because you are guaranteeing the performance of 500 companies **all of whom already have financial issues during a time of semi-prosperity** (the corporate equivalent of subprime), 200 of those companies fold instead of 20 during

a time of financial turmoil. Because it turns out that the risk of failure is not truly independent after all; there is a correlation of risks during a major economic downturn. Now at \$350 million a shot (greater individual losses per incident, as we are in a recession), that is a \$70 billion loss for your firm. Which just went bankrupt.

As did your firm's competitors. Since you and your competitors can't pay your claims, those companies who relied on your \$70 billion in claims paying off – and your four largest competitor's \$280 billion in claims – find out that they are not going to be paid. Which means they have to take the total \$350 billion in losses. Which they can't withstand either. So down the tubes they go. Followed by the companies behind them, as the titans of the financial world turn into falling dominos (if you want to understand why the Fed consistently and aggressively intervenes at the first sign of derivatives troubles, this is why).

I've been trying to keep things very simple and basic in this primer, but the issues associated with correlation and systematic risk are at the heart of the most sophisticated financial concerns about whether credit derivatives decrease financial risk – or increase risks for the entire financial system. One key issue is – how can you properly reserve for a potential \$70 billion loss when you are collecting only \$6 billion in fees? The simple answer is – you can't. The only way you could do so would be to drastically increase your fees, and then transfer most of the risk to other parties. Which would price you out of the marketplace. So in practice, all that pricing for systematic risk does is remove you from the business, as you can't compete with firms that aren't pricing for correlated risk.

Even if you could get the pricing to work, however, there is a more fundamental limitation. Let's say you had no competition, and you could double your fees, and you used the extra \$6 billion to buy credit derivatives for your derivatives portfolio from another firm, so that any losses above \$5 billion were covered by them (assuming your firm could handle the first \$5 billion in losses). Now we assume again there is a vicious recession, your losses reach \$70 billion, you take the first \$5 billion in hits, then go to your counterparty for the rest of the \$65 billion – and from where **exactly** do they come up with \$65 billion?

This goes to the core of the derivatives dilemma. Everyone can make all the assumptions they want, and merrily pass the risk along to the next counterparty, and book their profits and bonuses for so long as the music lasts – but what happens when the music stops? What happens when return once more gives way to risk as has happened time and again in the financial world? We have an example right in front of us now with the subprime mortgage debacle, and despite everyone having assumed that they had passed the risk along – when the music stopped, the risks were real, and the losses had to actually be borne.

Indeed, we unfortunately have two very good examples of what happens when systematic correlated risks meet credit derivatives, when it comes to MBIA and Ambac. Until recently, these two bond insurance companies were bullet-proof financial titans, with the unquestioned, gold-plated “AAA / Aaa” ratings to prove it. Armed with ample layers of

capital, these two firms could by themselves essentially protect the creditworthiness of the entire nation against recession and even depression – on paper, according to **assumptions** used by the rating agencies and the rest of the financial system. Then, in the real world, they actually ran into correlated risks in one obscure corner of their overall portfolios of guarantees, when it turned out that if too many subprime borrowers started to default at the same time, it depressed housing values. Which turned out (quite predictably) to simultaneously increase foreclosure rates while increasing losses per foreclosure.

Now, so long as the risks are independent, then MBIA and Ambac could have easily shrugged off increased losses in a few securities or even a few dozen securities. But, with correlated risks hitting tens and hundreds of billions of dollars of securities simultaneously – the “bullet-proof” capital base for a AAA rated insurance giant can turn into vapor in a matter of months. Something that the market has already incorporated into the pricing of these firm’s stocks and debt, even while the rating agencies maintain the AAA façade to keep domino effects from imperiling the municipal bond and other markets.

Where Assumptions Meet Reality

Now here's the thing. The subprime mortgage market is tiny compared to the overall corporate market. A corporate market which has credit derivatives interwoven throughout. Let’s say in this day of highly leveraged companies, that a real recession does hit and it takes down something like \$2 or \$5 trillion worth of book value along with it. Those would be real losses. Staggering losses that dwarf what we have seen with subprime mortgages.

Where is the money going to come from to pay for those losses? In theory, the way this works from an academic economics perspective is that you have all these hordes of incredibly intelligent people, each of whom is working for well-capitalized institutions, and they all backstop each other. They do so first by using that supposedly awesome collective intelligence to keep mistakes from being made in the first place. Next, the theory is that there will be multiple layers of protection available if there's a problem, to absorb any damage.

Unfortunately what we saw actually happen in the real world with mortgage derivatives was just the reverse of the theory. The multiple layers of the so-called “smartest person in the room” became multiple layers of people making steadily worse (and more obvious) mistakes in the pursuit of short-term profits until the situation not just predictably – but inevitably – collapsed upon them.

On top of that, far from the firms backstopping each other, in the real world we have a cascading series of credit losses that spread from one firm to another, as tens of billions of dollars in actual subprime losses multiplied out to become much larger hits to values of securities portfolios, nearly bringing down the industry together.

Which again brings up the question of what happens if a real recession hits the \$62 trillion credit derivatives market?

The Questions We Need To Ask

The question that we need to be asking ourselves is if a recession does really kick into gear in 2008 – will the credit derivatives market survive? If it doesn't – just how bad will the damage be? This is a very important question, given how much damage the much smaller subprime mortgage service crisis has caused.

We may not know for sure whether any disaster scenario is going to happen -- but I think we all have to agree that there is a significant chance that it just... might happen. Now let's further stipulate that the very essence of financial prudence, of wisdom, of protecting your savings is to be prepared for very real possibilities. If you're not sure, but you think something just might happen in the next year which could devastate your life savings – I think most of us feel a responsibility to try to protect ourselves, if we can. Which takes us to perhaps the most important part of this article -- how can we be prepared?

Back To September of 2008

“The biggest fears had to do with the credit-default swaps, which AIG appears to have sold in large quantities to practically every financial institution of significance on the planet. RBC Capital Markets analyst Hank Calenti [estimated Tuesday](#) that AIG's failure would cost its swap counterparties \$180 billion. "Its collapse would be as close to an extinction-level event as the financial markets have seen since the Great Depression," [wrote money manager Michael Lewitt in Tuesday morning's New York Times.](#)” **Time**, September 17, 2008

“‘I am floored,’ said former Treasury counsel Peter Wallison in an interview. ‘No one could have possibly imagined this a few months ago.’” **Bloomberg**, September 17, 2008

While it is clear that Mr. Wallison did not read it, most of this article was written five months ago, and it is part of a much larger body of work developed over a period of years before then, that anticipated this and much else that is currently happening. As my long-time readers, those who subscribe to my (free) “Turning Inflation Into Wealth” mini-course know well, what happened here **was absolutely predictable**. Not the exact date or particular company, but that the fundamental, fatal flaws that caused the downfall of the (relatively) small subprime mortgage derivatives market, would likely spread at some time to the far larger – and even riskier – credit derivatives market.

Indeed, as I have been teaching in workshops around the country, the key is “To Invest For The Bailout, And Not The Crisis”. What happened with AIG is one part of a four part sequence:

The Obvious
The Bailout

The Inevitable The Arbitrage

What I have been calling “The Obvious” for some time, in terms of a systematic crisis that was plainly visible and coming at us like a freight train, has now arrived in force in the last couple of the weeks. We are in the midst of Stage Two at this point, and the “The Bailout” is still unfolding. Stage Three, “The Inevitable” will likely be kicking increasingly into gear over the coming months, and will likely become a dominant factor in global financial markets over the next few years. All three stages together form the opportunity, that of “The Arbitrage” – but the window to take advantage of this opportunity will not persist indefinitely, and could end quite quickly.

Taking Actions

First, you need to very seriously think about cutting your ownership of financial assets. The type of disaster scenario we are talking about could devastate stock and bond markets for a generation. If you are investing for retirement and your portfolio gets taken down by just such a scenario, then you may never have the chance to replace it. For these reasons, there is a powerful, powerful case for moving a substantial portion of your assets into tangible assets. Good examples of tangible assets include gold, silver, commodities, real estate, farmland and energy.

The next thing you should very seriously think about is whether crisis leads to opportunity, in ways that go well beyond a simple strategy of only buying tangible assets. John Paulson saw the crisis that was coming in subprime mortgages, researched and educated himself on this area (which had not been his field of expertise), and he turned the crisis into a \$3-\$4 billion personal payday in 2007. If you're not a hedge fund manager like Paulson, you may not have the tools that he used to turn a market crisis into personal billions. That's OK, because Paulson didn't start with the tools either. He started with educating himself, learning about a new area, until he came up with a novel way to profit from disaster. A method that wasn't in the financial textbooks, and that he didn't find by reading a financial columnist in the paper.

You have more tools than you may think, some of which may surprise you. Tools which can give you the opportunity to turn financial disaster into personal net worth. There are ways you can use those tools to turn the destruction of the currency into perhaps the greatest real wealth-building opportunity of your life, on a long-term and tax-advantaged basis. But, if you want this to happen --you will need to start with learning. You are going to have to educate yourself, and work to not just understand, but to master some of the financial forces and methods in play here. You will have to learn how to turn the destruction of paper wealth into real wealth. With **Turning Inflation Into Wealth** being the first key step. My best wishes to you for turning this challenge into an extraordinary personal opportunity.



Copyright © 2008 Daniel R. Amerman, CFA

[Editorial Archive](#)

*"Do you know how to **Turn Inflation Into Wealth?** To position yourself so that inflation will redistribute real wealth to you, and the higher the rate of inflation – the more your after-inflation net worth grows? Do you know how to achieve these gains on a long-term and tax-advantaged basis? Do you know how to potentially triple your after-tax and after-inflation returns through **Reversing The Inflation Tax?** So that instead of paying real taxes on illusionary income, you are paying illusionary taxes on real increases in net worth? These are among the many topics covered in the free "Turning Inflation Into Wealth" Mini-Course. Starting simple, this course delivers a series of 10-15 minute readings, with each reading building on the knowledge and information contained in previous readings. More information on the course is available at InflationIntoWealth.com."*

Biography:

Daniel R. Amerman is a futurist and financial consultant with a unique approach to helping individuals and organizations prepare for and profit from an upcoming time of generational change and likely financial turmoil. He is a Chartered Financial Analyst and former investment banker, with MBA and BSBA degrees in finance and over 20 years of financial experience.

contact information

Daniel R. Amerman, CFA | Duluth, MN USA | [Email](#) | [Website](#)