

2024 · WHAT ISSUES SHOULD I CONSIDER WHEN DEALING WITH HIGH INFLATION?

CASH FLOW ISSUES	YES	NO
<p>Do you need to reassess your living expenses in light of high inflation? If so, consider the following:</p> <ul style="list-style-type: none"> Take into account how your personal expenses may have changed relative to the general cost of inflation, and update your emergency funds as needed. Where applicable, look for additional ways to save money on your necessary expenses (e.g., electing annual payments vs. monthly, buying staple goods in bulk, etc.), and consider temporarily reducing/delaying certain unnecessary expenses to relieve stress on your cash flow. Review any important upcoming purchases you had planned that may be subject to price increases. If appropriate, consider accelerating those purchases to potentially lock in a lower price. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>If working, are you concerned about the ability of your earnings to keep up with high inflation? If so, consider ways you might increase your income (e.g., ask for a raise, change jobs, develop new skills, pursue additional credentials, etc.).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>If retired, are you concerned about your retirement income's ability to keep up with high inflation? If so, consider the following:</p> <ul style="list-style-type: none"> Be mindful that, unlike many other retirement income sources, Social Security benefits have a built-in cost of living adjustment (COLA) that helps offset the effects of inflation. Consider delaying (or repaying and delaying, if already begun) your benefits to increase both your overall income and the level of income being subject to a COLA. Consider purchasing an annuity (or changing/replacing an existing annuity, if applicable) with an increasing income benefit as an inflation hedge. Be mindful that the increasing income option starts lower but will eventually exceed the fixed income option. Identify when that break-even point will occur, and be sure to factor in family health/longevity when making your election. Be aware of the increasing demand on portfolio withdrawals for income during times of high inflation, especially if asset values have recently decreased. Consider ways to reduce portfolio withdrawals by exploring other options for liquidity and/or additional income if needed (e.g., reverse mortgages, HELOCs, cash value in life insurance, etc.). 	<input type="checkbox"/>	<input type="checkbox"/>

ASSET & DEBT ISSUES	YES	NO
<p>Do you need to review your asset allocations in light of high inflation? If so, consider the following:</p> <ul style="list-style-type: none"> Be cognizant of the increased levels of interest-rate risk associated with a high fixed-income allocation during times of high inflation. Consider maintaining, or increasing (if appropriate), your exposure to equities and other asset classes that may be better positioned to keep up with inflation. Keep in mind that longer bond durations will be subject to higher volatility if interest rates rise. To mitigate some of this risk, consider allocating more toward shorter bond durations, but be mindful of the difference in yield between short- and long-duration bonds. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are you concerned about your fixed-income portfolio's ability to manage the effects of high inflation? If so, consider the following:</p> <ul style="list-style-type: none"> Consider purchasing Series I Savings Bonds (I Bonds) and/or Treasury Inflation-Protected Securities (TIPS) as an inflation hedge to your portfolio. Remember that I Bonds (unlike TIPS) have zero volatility, but be mindful of their holding period requirements, purchase limits, and early liquidation penalties. Consider purchasing Certificates of Deposit (CDs) and/or Multi-Year Guaranteed Annuities (MYGAs) as a zero-volatility bond alternative. Be cognizant of the limited flexibility for penalty-free withdrawals (e.g., 5%–10% per year) that many MYGAs offer, as well as any applicable penalties that may pertain to early withdrawal of CDs. Consider employing a fixed-income asset (e.g., individual bonds, CDs, MYGAs, etc.) laddering strategy to help mitigate interest-rate risk and reinvestment risk. However, be cognizant of the challenges and limitations (e.g., time burden of management, substantial purchase requirements, etc.) that may come with such strategies. (continue on next page) 	<input type="checkbox"/>	<input type="checkbox"/>

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ASSET & DEBT ISSUES (CONTINUED)	YES	NO
<p>Do you need to review your cash holdings? If so, consider the risks with holding too much cash during times of high inflation. Be mindful of where you keep your emergency fund, and be sure to explore other options (e.g., high-yield savings/checking accounts, short-term CDs, etc.) that may offer better growth on your idle cash. Consider investing any surplus cash, as waiting for rates to rise before putting your cash to work may expose you to market timing risk.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you need to review your debts in light of high inflation? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Be cognizant of your variable-interest-rate debts. Understand how the rate is calculated and to what extent inflation may cause your interest rate to increase. ■ If appropriate, consider paying down variable-interest-rate debts or refinancing them to fixed rates. ■ To potentially lock in a lower interest rate, consider expediting the process of financing any large upcoming purchases you had planned, but be mindful of any recent or anticipated price increases and/or interest rate changes. 	<input type="checkbox"/>	<input type="checkbox"/>

TAX ISSUES	YES	NO
<p>Have your taxable accounts been experiencing increased levels of volatility due to high inflation? If so, consider ways you might rebalance your portfolio at a reduced tax cost (e.g., harvesting short-term losses, selling securities at reduced capital gains, etc.), but be mindful of wash sale rules, as well as the \$3,000 ordinary income offset limit on capital losses.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you need to review your current (and anticipated) income tax brackets in light of high inflation? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Determine whether your income may have increased to a greater or lesser extent than marginal tax brackets, and consider how that may impact your effective tax rate. Be mindful of certain tax strategies (such as favoring pre-tax or Roth contributions) moving forward. (continue on next column) 	<input type="checkbox"/>	<input type="checkbox"/>

TAX ISSUES (CONTINUED)	YES	NO
<ul style="list-style-type: none"> ■ Be cognizant of areas of the tax code that do not receive inflationary adjustments under current law (e.g., Social Security taxability, NIIT, SALT limitations, etc.), and consider how that might impact certain tax strategies moving forward. 		
<p>Do you need to review any potential Roth conversion opportunities in light of high inflation? If so, consider whether periods of high inflation may present opportunities to convert some assets to Roth accounts at lower share prices.</p>	<input type="checkbox"/>	<input type="checkbox"/>

OTHER ISSUES	YES	NO
<p>Are you reconsidering any of your financial goals (e.g., retirement) or risk tolerance in light of high inflation?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you need to reassess your life and disability insurance coverage in light of high inflation? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Assess the risk of increased living expenses, and/or the need to replace a higher income, that your life and disability insurance may fail to adequately cover should you die an untimely death or become disabled. ■ Review your ability to add (or utilize any existing) inflation and/or benefit increase riders associated with your policies (if available). 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you need to reassess the coverage amounts for any other insurance policies (e.g., homeowners, renters, auto, etc.) in light of high inflation? If so, consider the effect inflation may have on the replacement cost of your vehicles, home (including any vacation or rental properties), and other goods. Review your coverage amounts to ensure they are adequate for your needs.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you need to review your gifting and/or estate plan in light of high inflation? If so, consider the impact inflation may have on your existing plans for transferring assets to the next generation.</p>	<input type="checkbox"/>	<input type="checkbox"/>

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LPL Financial and LPL representatives do not provide tax or legal advice. This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Contributions to a Roth IRA are taxed in the contribution year. The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax in addition to current income tax.

Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA.

Asset allocation does not ensure a profit or protect against a loss.

Series I bonds are guaranteed by the US government as to the timely payment of principal and interest and offer a fixed rate of return plus an additional amount that's adjusted to a formula tied to the CPI every 6 months and has a fixed principal value. Minimum term of ownership applies. Early redemption penalties may apply.

Treasury inflation-protected securities (TIPS) help eliminate inflation risk to your portfolio as the principal is adjusted semiannually for inflation based on the Consumer Price Index - while providing a real rate of return guaranteed by the U.S. Government. Tips are subject to phantom tax in taxable accounts and the principal can be adjusted down for deflation.

CDs are FDIC insured to specific limits and offer a fixed rate of return if held to maturity, whereas investing in securities is subject to market risk including loss of principal.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Bonds are subject to availability, change in price, call features and credit risk.

Riders are additional guarantee options that are available to an annuity or life insurance contract holder. While some riders are part of an existing contract, many others may carry additional fees, charges and restrictions, and the policy holder should review their contract carefully before purchasing. Guarantees are based on the claims paying ability of the issuing insurance company.

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