



Is Inflation Shrinking Your Retirement?

According to a recent retirement confidence survey, 8 in 10 retirees say they are confident they will have enough money to live comfortably throughout retirement. Among those who are less confident, half cited inflation as a top concern—and for good reason.¹ Inflation diminishes purchasing power, which can make it harder to live on a fixed income or adhere to your budget or spending plan. That's why an income that keeps up with inflation is critical for accomplishing all of your lifestyle goals in retirement.

So, how can you keep your retirement goals on track despite high inflation?

First, review your spending over the past 6-12 months to identify areas where spending has increased the most. This is easy to do if you already follow a budget or use an app to track spending. If you don't have a budget in place, gather bank, credit card and other financial statements that reflect your spending over the same period. Look for areas where spending can be reduced without substantially altering your lifestyle. If you're thinking about making a large purchase, such as a new car, furniture or major appliance, consider if it makes sense to delay it until supply chain disruptions ease and prices begin to trend downward. Leisure travel is another area where retirees may have more flexibility than business travelers or families with school-age children. The ability to travel off-peak can result in significant savings.

For some retirees, rising prices for essential expenses like food, housing or prescription drugs may require an increase in the amount they withdraw from their retirement accounts to subsidize what they already receive from Social Security, a pension or other guaranteed income sources. That can get tricky, especially during periods of increased market volatility. For example, when stock prices are falling, investors may have to sell more shares to generate the same amount of income. Not only does that leave fewer assets in the portfolio to help generate new growth—potentially depleting the portfolio earlier than planned—it can also have significant tax consequences. Remember, for most retirement accounts, taxes are owed when distributions are taken. Also, capital gains and losses are also realized at the time assets are sold. Therefore, it's important to have a strategy in place for how you will manage taxes in retirement. To avoid cementing losses in long-term assets during turbulent periods, consider taking income from cash sources, such as money market funds or savings accounts that are not impacted by fluctuating prices.

A comprehensive financial strategy is one of the better ways to help protect against inflation and other retirement risk factors. It can address ways your money can continue to grow in retirement to accommodate transitory events, such as high inflation, market volatility or an economic recession. That can help ensure you remain on track toward meeting your goals throughout your lifetime.

To learn more about protecting your income from the eroding effects of inflation, taxes and market volatility, call the office to schedule time to talk.

¹ https://www.ebri.org/docs/default-source/rcs/2022-rcs/2022-rcs-summary-report.pdf?sfvrsn=a7cb3b2f_12



When It Comes to Well-Being, Small Steps Lead to Big Gains

August is National Wellness Month, which focuses on self-care, stress management and promoting healthy routines. If you've been thinking about increasing your activity level, adding more healthy foods to your diet, or taking up yoga or meditation—this month may be a good time to start.

According to health experts, the earlier you adopt healthy habits, the better you may be able to protect against developing certain chronic conditions later in life. Incorporating healthy habits can also help you feel more energized, so you can do more of the things you enjoy. To get started, consider incorporating a few small changes into your day or week. Over time, small adjustments like those listed below can add up to big gains over time for your physical, mental and emotional well-being.¹

- **Increase your water intake.** Staying hydrated is one of the best things you can do for your overall health. Water helps give you energy, flushes toxins from your body, improves concentration and can even help with weight loss by replacing high calorie beverages.
- **Add more fruits and veggies to your meals.** Think about eating the rainbow. Dark, leafy greens, oranges, blueberries, tomatoes, peppers, sweet potatoes and fresh herbs are all loaded with vitamins, fiber and minerals. The more color on your plate, the more nutrients you consume. Since many of these foods are high in fiber, they can also help you feel full longer and reduce cravings for less nutrient-dense sugary or salty foods.
- **Monitor your sleep.** Not everyone needs a full eight hours of sleep nightly. However, we all need quality sleep on a regular basis to function at our best. Wearing a fitness tracker while you sleep is a great way to help analyze your sleep patterns so you can make any necessary changes, such as adopting a regular bedtime routine or sleep schedule.
- **Move more.** Physical activity is critical for remaining independent as you age. Movement helps to strengthen the muscles that enable you to maintain and improve your stability, balance and coordination. It can also help lower the risk of developing certain chronic conditions such as heart disease, diabetes, depression and anxiety. If you're just getting started, consider lower impact activities like walking, stretching, swimming, yoga or Tai Chi. Always consult with a healthcare professional before starting any exercise program.
- **Try something new.** Whether it's exploring a different walking path, volunteering, taking up a new hobby or learning to meditate, doing something new triggers the brain to release dopamine, which elicits a pleasure response. Reaching outside of your comfort zone can also lead to positive feelings of accomplishment and help promote brain health by stimulating the creation of new brain cells and pathways.

¹ <https://www.cdc.gov/healthyweight/index.html>