

Strategies to Combat Inflation

The escalating cost of living over the past few years has impacted people from all walks of life, creating stress even for financially comfortable households. Consider the following strategies to help maintain a confident financial outlook.

Cost of Goods Remains High

Price increases on consumer items accelerated starting in 2020 as the pandemic took hold. Although Consumer Price Index (CPI) inflation has decelerated from 9.1% in June of 2022 to 3.1% in November of 2023,¹ the actual prices on most goods and services remain at elevated levels, and normal purchases are considerably more expensive than they were a few years ago. Even high-earning Americans have expressed a sense that they're losing ground. In a recent survey by financial information provider Bankrate, 55% of respondents earning \$100,000 or more said their incomes have failed to match or exceed inflation.²

Consumer Spending and Confidence Rises

Interestingly, despite rising prices, consumer spending is chugging right along—even rising 0.2% as of November 2023.³ Consumers wrapped up 2023 with greater confidence in business and labor market conditions.⁴

Managing Inflation Over the Long Term

Inflation doesn't just affect present-day purchases. It impacts our long-term cost of living, including in retirement. It goes without saying that in any climate, inflation should be accounted for in your wealth plan.

Asset Allocation Can Help

The goal is to save enough for retirement to navigate higher living costs and include assets in your portfolio designed to help you stay ahead of inflation. Your wealth advisor and our in-house investment team can work together to recommend investments to help you achieve these goals.

Have a Saving Strategy

When we pay more for goods and services, it can be tempting to cut back a bit on savings. But that can impact your ability to fund long-term plans, so it's best avoided. Your wealth advisor can help you pinpoint the savings rate required to fund your goals and can help you create or fine-tune your budget to strike an optimal balance between spending and saving.

Minimize Investment Risk

While inflation can be worrisome, overreactions can make it worse. For example, focusing one's investments too narrowly on inflation "hedges," such as commodities or Treasury inflation-protected securities (TIPS), may increase risk. Remaining properly diversified is essential for managing risk while seeking gains.*

Manage Interest Rate Risk

Finally, in inflationary periods, it's important to be cognizant of interest-rate risks. Inflation often leads to higher interest rates, which can make debt obligations more costly. Your wealth advisor can evaluate your debt and help you identify borrowing strategies to help you maintain a healthy balance of assets and debt.

Work With Your Wealth Advisor

In its December 2023 press release, the Federal Reserve indicated that while inflation eased in 2023, it remains elevated.⁵ Inflation is certainly unpleasant, but it doesn't need to affect your confidence about the future.

Your wealth advisor can show you how various inflation rates might impact your finances over the long term. Your advisor can also help you execute strategies to protect and grow your wealth with the aim of building a secure financial future.



For more information visit: marinerwealthadvisors.com

Sources

¹[Bureau of Labor Statistics CPI November 2023](#)"

²[Americans' Paycheck Puzzle](#)"

³[Consumer Spending](#)"

⁴[Consumers End 2023 With a Surge in Confidence](#)"

⁵[Federal Reserve Press Release, Dec. 13, 2023](#)"

*Diversification cannot ensure a profit or protect against loss in a declining market. Investing involves risk and the potential to lose principal. This article is intended for informational and educational purposes only. The views expressed do not take into account any individual personal, financial, or tax considerations. As such, the information contained herein is not intended to be personal investment advice or a solicitation to engage in a particular investment strategy. Any opinions contained herein are based on sources of information deemed reliable, but we do not warrant the accuracy of the information. Please consult your financial professional before making any investment or financial-related decisions.

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