



Fourth Quarter 2021

Living With Inflation

Like it or not, inflation is with us. It may be transitory, but more and more, inflation looks like a multi-year companion. And when it comes to the cost of living, what goes up rarely comes down again. The trick is to learn how to live with inflation without having it destroy your lifestyle.

Living with inflation starts with the one word almost everyone dislikes – BUDGET. Even if you think you have plenty of funds to withstand the impact of inflation on your life, unless you run the numbers, you are just guessing.



To plan for inflation, particularly if you are retired or nearing retirement, you need to know how much income or potential income you have; how much is currently spent on essential costs, such as utilities, insurance, mortgage, taxes, etc.; what you might need in the future; where you can generate additional funds to pay essential costs, and where you might be able to economize. To grasp the impact of inflation, it's helpful to know how these numbers compare to a year ago.

Where do you find the information you need? Bank statements and credit cards will provide the bulk of the data. Many credit card companies provide end-of-year summaries showing where you spent your money, as do some banks. It's going to take some time to pull everything together, but the better the information, the better your understanding of where your money comes from and goes. Estimates are always better than nothing, but you might be surprised to find out what the actual numbers are.

In addition to helping you look for ways to live with inflation, putting together a budget gives you a sense of control over your finances – which can lower your stress and worries. And, your budget gives your financial advisor a way to help you understand your options.

SIMPLIFIED HOUSEHOLD BUDGET FORM

INCOME	2021 Monthly Income	2020 Monthly Income	Potential Changes Monthly Change
Employment	_____	_____	_____
Retirement Accounts	_____	_____	_____
Dividends/Investment Income	_____	_____	_____
Rental/Passive Income	_____	_____	_____
Pensions/Social Security	_____	_____	_____
Other Misc. Income	_____	_____	_____
Less estimated income taxes	(_____)	(_____)	(_____)
TOTAL FUNDS AVAILABLE FOR SPENDING	_____	_____	_____

EXPENSES	2021 Monthly Expenses	2020 Monthly Expenses	Potential Changes
GIVING	_____	_____	_____
SAVING	_____	_____	_____
HOUSING			
Mortgage/Rent	_____	_____	_____
Repairs/Maintenance	_____	_____	_____
Insurance	_____	_____	_____
HOA Dues	_____	_____	_____
Real Estate Taxes	_____	_____	_____
UTILITIES			
Electricity	_____	_____	_____
Water	_____	_____	_____
Gas	_____	_____	_____
Phone	_____	_____	_____
Trash	_____	_____	_____
Cable/Internet	_____	_____	_____
Food	_____	_____	_____
TRANSPORTATION			
Car Payment(s)	_____	_____	_____
Gas & Oil	_____	_____	_____
Repairs & Tires	_____	_____	_____
Car Insurance	_____	_____	_____
CLOTHING	_____	_____	_____
PERSONAL			
Credit Card Payments/ Outstanding Balances	_____	_____	_____
Disability Insurance	_____	_____	_____
Health Insurance	_____	_____	_____
Life Insurance	_____	_____	_____
Club Dues/Expenses	_____	_____	_____
Child Care/Caretaker	_____	_____	_____
Entertainment	_____	_____	_____
OTHER MISC. EXPENSES	_____	_____	_____
TOTAL MONTHLY EXPENSES	_____	_____	_____

Once you have at least a preliminary outline of where you are with respect to your income versus expenses, you should have a pretty good idea of how inflation is affecting you and could impact your future. If you are comfortable with the numbers and your ability to live with inflation, you now have a reason to feel that way.

If the numbers make you nervous, call and set an appointment to go over your financial situation with us. An outside viewpoint can be invaluable. Given the information you now have, combined with our awareness of your investment portfolio, we can help look at your options and possible solutions.

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