



# FINANCIAL WISDOM

## - WEALTH BUILDER -

October 2023

## Tips for Dealing with Higher Inflation

Inflation is a reality of modern life, and in recent years, it has become increasingly challenging to manage personal finances in a higher inflation environment. Higher inflation can lead to higher prices for goods and services, which can in turn make it harder to save money and plan for the future. However, there are steps you can take to successfully manage your personal finances in a higher inflation environment.

**Budgeting** - The first step to successfully managing personal finances is creating a budget. A budget helps you understand how much money is coming in and going out each month. This data can help identify areas where you can cut possible expenses. When establishing a budget, it is important to account for any increases in cost of basic goods and services. This may mean adjusting spending habits to ensure that you are living within your means.

**Prioritizing Saving** - Saving money is always important, but it is especially crucial in a higher inflation environment. When prices are rising, the value of money is decreasing, which means that saving and investing becomes even more important. Consider setting up an automatic investment plan to transfer a portion of your income into a long-term investment account each month. This may help build up your savings over time and protect your finances from inflation.

**Diversifying Investments** - In a higher inflation environment, it is also important to diversify your investments to protect your portfolio from inflation.

This means selecting a variety of assets including equity investments and as well as fixed-income funds. A well-balanced portfolio may provide a hedge against inflation and help you maintain the value of your portfolio over time. It is important to work with a financial advisor to develop a diversified investment strategy that meets your specific needs and goals.

**Investing in Real Assets** - Inflation can also impact the value of real assets - such as real estate or precious metals. These types of assets have traditionally provided a good hedge against inflation. We recommend speaking with a financial advisor to determine if adding these types of investments to your asset allocation would align with your specific goals and objectives.

**Paying Off Debt** - When inflation is high, it is helpful to pay off personal debts as quickly as possible. Extra money should be used to pay down debts - especially high-interest credit debt. Reducing your debt load may help protect your finances from inflation.

At the end of the day, managing personal finances during a period of higher inflation is a very manageable goal with careful planning and consideration. During times like these, it is important to work with a financial advisor to develop a personalized plan that meets your specific needs and goals. With the right strategies in place, you can succeed financially - in spite of higher inflation - and achieve your important goals over time.

**Questions about inflation? Let us know!**



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