

# What is Inflation?

Inflation is a sustained increase in the general level of prices for goods and services. This should not be confused with changes in individual prices, which fluctuate in response to supply and demand. Inflation occurs when most prices are rising to some degree across the board.

The impact of inflation on your investment portfolio depends on the kind of securities you hold. Stock prices generally keep pace with inflation. But the return on fixed interest investments, such as government or corporate bonds, will deteriorate during periods of rapid inflation. Review your portfolio regularly to ensure that your retirement savings keep pace with inflation.

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