

# Inflation Boogeyman

## WHAT TO KEEP IN MIND AS INFLATION FEARS RISE

by Chris Wayne, AIFA®

Inflation has emerged as one of the top financial concerns for investors as they size up the economy for the rest of the year.

According to research by Deutsche Bank, Google searches for “inflation” are rising rapidly and recently hit a peak not seen since the tracking began 13 years ago.<sup>1</sup>

Fed Chair Jerome Powell has said that inflation is likely to pick up as the economy recovers from the pandemic, but he believes it will be temporary. Powell has also stated that the central bank plans to keep short-term rates anchored near zero through 2023.<sup>2</sup>

“Inflation is caused by too much money chasing after too few goods,” according to Milton Friedman, the well-known American economist who won the 1976 Nobel Memorial Prize in Economic Sciences.<sup>3</sup>

How much money is too much money? Remember that lawmakers have enacted six major stimulus bills, totaling about \$5.3 trillion to help manage the economic burden on families and businesses during the pandemic.<sup>4</sup>

One piece of wisdom to keep in mind is that the stock market is a discounting mechanism, meaning it considers all available present and potential future events to determine its closing price. When there’s uncertainty about the economy, the stock market may be more volatile while it searches for answers.<sup>5</sup>

If you are concerned about the outlook for inflation or stock market volatility, please give us a call. We’d welcome the chance to hear your perspective, and hopefully, we can provide some guidance.



Forecasts such as the Fed’s plans to keep short-term rates anchored near zero are based on assumptions and subject to revisions over time. Financial, economic, political, and regulatory issues may cause the actual results to differ from the expectations expressed in the forecast.

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

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#### Citations

1. Yahoo.com, March 17, 2021 | 2. CNBC, March 17, 2021 | 3. American Enterprise Institute, 2021 | 4. PGPG.org, March 15, 2021 | 5. Investopedia.com, 2021



# A Trick to BECOMING A GOOD SAVER

By: Jennifer Lesmeister, Financial Advisor

Recently the Employee Benefit Research Institute and J.P. Morgan Asset Management conducted a study to determine why some American adults with similar salaries are better savers than their counterparts. The study found that low savers saved about 2-3% of their salary; middle savers saved about 5-6% of their salary; and high savers saved about 9% of their salary. You may be surprised to learn that low savers and middle savers have nearly identical salaries, but middle savers are somehow able to save up to 3% more. Middle savers typically have retirement plan balances that are twice that of low savers, so it is clear that the extra 3% in savings makes a difference. Given the fact that low savers and middle savers have basically the same income, what accounts for the middle savers ability to save more? The study determined that there were three factors holding low savers back: low savers spent a higher percentage of their income on housing, food and transportation. The study also showed that low savers do not necessarily reside in higher cost of living regions than middle savers, they just live less frugally. Hal Hershfield, associate professor at the UCLA Anderson School of Management, believes he has cracked the code to help low savers tuck away more of their income. Hershfield discovered a psychological trick that may be useful to those individuals who are struggling to save. His findings were based on a study conducted for the Marketing Science journal in 2020. The study found that when participants were presented with the challenge to save \$5 a day versus \$150 a month, more individuals were up to the task of saving the \$5 daily over the \$150 per month. Even though \$5 a day results in more money being saved annually than \$150 a month, a daily savings goal seemed more palatable to many savers than the monthly goal. The small psychological shift was enough to persuade individuals to save more by thinking about saving as a small daily goal versus a monthly sacrifice. By employing this mentality, low savers could move up a tier to the middle saver category and could eventually have membership in the high saver group.

**JUST TAKE IT ONE DAY AT A TIME.**

## SPICY CRAB SPRING ROLLS

### Ingredients:

- ¾ c imitation crab meat
- 1½ T mayonnaise
- 1 tsp sriracha sauce, or to taste
- ⅓ English cucumber, cut into matchsticks
- 1 carrot, cut into matchsticks
- ½ ripe avocado, sliced lengthwise into 8 pieces
- 1 green onion, cut into matchsticks
- 4 rice paper wrappers

### Directions:

Shred crab meat using 2 forks or in a food processor. Mix crab meat, mayonnaise and sriracha in a small bowl. Fill a shallow bowl with hot water to a depth of 2 inches. Dip 1 rice wrapper in the water for a few seconds to soften; set on a wooden cutting board or a clean moist dish towel. Layer ¼ of the cucumber, carrot, avocado, crab meat mixture and green onion in the bottom third of the rice paper. Pull bottom of the rice paper over the filling, using your fingers to prevent it from spilling out of the sides. Fold opposing edges of the rice paper to overlap the filling; roll up tightly towards the top. Place roll seam-side down on a plate. Repeat with the remaining rice papers, cucumber, carrot, avocado, crab meat mixture and green onion.





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**INVESTMENT PERFORMANCE THROUGH MARCH 31, 2021**

Category	3 Months	YTD	1 Year	5 Year
<b>YCHARTS</b>				
Large Cap Value	12.67%	11.86%	54.80%	11.48%
Large Cap Blend	7.12%	6.53%	54.32%	14.70%
Large Cap Growth	1.28%	1.06%	59.44%	19.10%
Mid Cap Value	16.69%	16.12%	76.08%	11.20%
Mid Cap Blend	11.13%	10.77%	72.40%	12.98%
Mid Cap Growth	2.38%	2.39%	76.69%	18.89%
Small Cap Value	21.80%	21.55%	100.65%	11.70%
Small Cap Blend	14.67%	14.61%	88.07%	13.44%
Small Cap Growth	5.15%	5.43%	91.54%	20.16%
Foreign	3.66%	4.10%	48.23%	8.75%
Govt. Bonds (Interm.)	-1.91%	-2.01%	-0.85%	2.05%
Corp. Bonds (Interm.)	-2.85%	-2.93%	3.05%	3.15%

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