"Investors feel very strongly both ways"

By Tommy Williams, CFP®

Inflation, inflation, where's the inflation? The *U.S. Federal Reserve* has been raising interest rates in anticipation of higher inflation. In its 2018 forecast, *Goldman Sachs* indicated it expected to see *"a gradual increase in global core inflation, albeit to levels that are still below central bank targets in most places."*

At year-end 2017, *Barron's* wrote:

"Economists have raised the specter of inflation for several years, only to be disproved time and again. There's reason to believe, however, that 2018 will be different – that prices will finally rise in a more sustained pattern, forcing stock- and bond-market investors to react to a new trend. 'An unanticipated acceleration in inflation is probably the biggest risk for markets in 2018,' says Larry Hatheway, chief economist at GAM Investments…Economists like Hatheway aren't expecting runaway inflation, as in the days of disco and leisure suits, when prices rose by double digits. They're girding for an annual increase of 2 percent to 2.5 percent at the most."

Last week, data released by the *Department of Labor* showed U.S. inflation, as measured by the Consumer Price Index, ticked higher (0.1 percent) during December. With food and energy excluded, the index was up 0.3 percent. Shelter, which reflects the cost of rent, rose the most (0.4 percent). The indices for medical care, new vehicles, used vehicles, and vehicle insurance all increased during December.

Some publications are predicting December's uptick in inflation will lead to a March rate hike by the Federal Reserve. It's difficult to say with certainty; however, until January's inflation report is released on February 14. What we do know is the primary element of inflation is pressure from rising wages. For a number of reasons (technology, the shift from a manufacturing to an information economy, etc.) that just hasn't happened. However, you might ponder for a moment: What did you pay for your first house versus what did you pay for your most recent car?

Perhaps on a more intriguing topic, how long do you want to live? In 2013, the Pew Research Center asked Americans about the ideal lifespan. More than two-thirds (69 percent) gave an age between 79 and 100. Four percent wanted to live to be anywhere from 101 to 120, and another four percent wanted to live beyond 120.

It's interesting to note the lifespans named by survey respondents generally matched to some scientists' predictions about the hardiness of humans. One of the authors of a much-debated article in the journal Nature reported, *"It seems highly likely we have reached our ceiling…From now on, this is it. Humans will never get older than 115."*

A slew of billionaire investors fall into the dissenting camp. They're starting companies and funding research with the goal of making death optional, reported *The New Yorker*.

LiveMint wrote:

"Death is an old technology but, like the umbrella, it has endured…Most of the billionaires who have waged the war against ageing and death are from Silicon Valley because they are the sort of people who have been trained to believe that a problem, because it is a problem, must have a solution."

While human longevity is interesting to think about, it also has some practical applications. For instance, the life expectancy chosen for a retirement plan should be carefully considered. It influences the amount saved, the investments chosen, and the retirement income withdrawn. That is not rocket science – we can help with that. Meanwhile I think Andy Rooney's quote is in order, *"It's paradoxical, that the idea of living a long life appeals to everyone, but the idea of getting old doesn't appeal to anyone."*

Visit us at www.williamsfa.com. Tommy Williams is a CERTIFIED FINANCIAL PLANNER™ Professional with Williams Financial Advisors, LLC.

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