



FLANAGAN FINANCIAL SERVICES  
THE FUTURE IS YOURS

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Do you think you need more income?

Well consider this, Illinois wins a Silver Medal Again! This time with regards to property taxes. Yes, Illinois has the second highest property tax rate at an average of 1.97%. Number 3 was New Hampshire with an average rate of 1.89% and # 1 and the Gold Medalist is New Jersey at an average of 2.13%. According to an article on September 2, 2022, from Andrew Lisa at [bankingrates.com](https://www.bankingrates.com).

Should you reside in Chicago, get ready for potentially a significant rise in your property taxes should the city follow through on using inflation increases to increase the property taxes you pay.

Just a reminder that the taxpayers are the "City". So essentially you could be increasing your own taxes by the people elected to spend your money. Unfortunately they may not spend it wisely.

Let me ask you this: If Illinois has one of the highest tax rates and it does not look like rates are going down soon, how is one to keep up with this expense along with the other significant increases in inflation?

Well, there could be a few ways:

- A) If you are still working maybe your job will increase your wages to keep up with the rising costs, but you might not want to bet on it. The latest information showed inflation was up about 9% while wage growth was up about 5%. That is a four-percentage point difference. Remember that businesses will want to maintain their profit margins, so if they increase your wages, what might happen to the cost of goods or services that company provides?
- B) Your pension has a cost-of-living increase, then you might be able to keep up with at least a portion.

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- C) Should you receive SS you might see an increase in your monthly payment, but last year most of the increase was lost to the increase in Medicare Part B Premium.
- D) Withdraw more from savings, investments, or retirement accounts. Doing this could potentially start you down the road of the financial death trap.  
Or
- E) Possibly reposition money you might have in low interest-bearing accounts to options that could generate more income or interest. Again, the question becomes is it the Income that is important or the Cash that is important?

Just an FYI in some cases increases in your income could lead to “tax creep”. What I mean by this is depending on your income and the potential increase in your income, might push you into a higher tax bracket. For example if your taxable income is \$75,000 and now your taxable income is \$95,000, two events might occur:

- 1) You now have more income so your taxes could cost you more &
- 2) Should you creep into the next income tax bracket, it might not only cost you more, but that cost might even be higher since the marginal tax rate might be higher.

Unfortunately doing nothing could send you down the financial death trap. Ignoring the need for more income, does not stop potential increases in property taxes, income taxes, groceries, utilities and other common everyday consumables.

Last week when I went grocery shopping with my wife, we purchased a pound of ground beef, and it was almost \$10. I did not want the whole cow just a pound. If we want to continue to eat hamburgers, then we either need to make them a lot smaller or generate more income to help maintain our standard of living.

If you are feeling overwhelmed, you are not alone. Many people are feeling the stress of inflation, but there might be something we can do to help maintain the way you currently live.

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Possibly we can reposition money to generate more income and possibly more tax advantaged income might be appropriate. But it is up to you. You can do nothing and wait to get hit by the inflation bus or we can discuss ways that might just help you earn more income and possibly keep pace with the current cost increases you are experiencing.

So if you would like to discuss ways that might be able to generate additional income, please give me a call at 630-235-5273 or email me at [mflanagan@flanaganfinancialservices.net](mailto:mflanagan@flanaganfinancialservices.net) . You can visit my website [www.flanaganfinancialservices.net](http://www.flanaganfinancialservices.net) where you can learn more as well as purchase a copy of the new release of **Don't Let Life's Waves Wash Away Your Retirement – Create Sustainable Income**. This new release is available on Kindle & Google.

Together we can work on developing strategies that just might help you be able to continue to live the way you currently are.

### 3. New Hampshire

- **Average effective property tax: 1.89%**
- **March 2022 average home value: \$434,563**
- **Average annual property tax paid: \$8,213**

The first state to hit an average effective property tax rate of 1.8%, New Hampshire almost takes the lead with one of the three highest annual average property tax rates on this list.

Mlenny / Getty Images/iStockphoto

### 2. Illinois

- **Average effective property tax: 1.97%**
- **March 2022 average home value: \$258,872**
- **Average annual property tax paid: \$5,100**

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Illinois is an odd little outlier for the No. 2 spot on this list, as its annual average property taxes are lower than others that fall lower on the list, as is its annual home value. However, it is the property tax rate of nearly 2% that earns it this high spot.

## 1. New Jersey

- **Average effective property tax: 2.13%**
- **March 2022 average home value: \$458,872**
- **Average annual property tax paid: \$9,774**

New Jersey holds the unenviable distinction of having the highest property taxes in America yet again-it is a title that the Garden State has gotten used to defending. The tax rate there is an astronomical 2.21%, the highest in the country, and its average home value is painfully high as well. The result is America's highest average annual property tax paid-no other state even breaks the \$7,000 mark, much less \$8,000.