



FLANAGAN FINANCIAL SERVICES
THE FUTURE IS YOURS

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Chicago's Massive Inflation

Chicago residents – are you prepared for potentially massive inflation?

Chicago's alderman & mayor in an attempt to not get complaints for increasing property taxes a couple of years ago changed how Chicago's property tax increases were implemented. Prior to the change alderman would vote on the increase and the mayor could approve it. Not anymore. The city changed the computation to be tied to inflation. OOPS.

There maybe a couple of reasons why they may have done this;

- 1) Residents can't complain to the people running the city that they increased taxes because technically they didn't. Politicians can honestly say they did not raise taxes, but they did vote to approve the inflation adjustment, so didn't they indirectly agree to raise taxes?
- 2) City officials now have a built-in way to spend more money. They can just plug in a 2 -3 - 4% or more inflation increase and that is how much more they can spend.

Well given that the latest inflation figure was north of 9% Chicago residents could see property taxes quadruple last year's increase. According to the Chicago Tribune if enacted the city could see tax revenue increase from about \$22.9MM in 2022 to over \$85MM in 2023. Wow!

Should the city implement the cost increases you could see

- 1) Property values drop
- 2) Rents significantly increase for both businesses and individuals. So I guess renters to pay property taxes.
- 3) As those costs are passed along through the businesses that could mean paying more for everything you buy since businesses don't pay taxes. They include those costs in the costs of the goods they sell.
- 4) Less money that people could spend on other items possibly other necessities.
- 5) Possibly accelerate the number of people leaving Chicago as Chicago residents pay the 46th highest apartment rent in the US according to Patch. According to Patch Chicago Rents in 2022 increased by nearly 20% and that was before this new property tax increase.

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Chicago is not the only governmental body to link increases to inflation. Illinois Governor JB Pritzker has coupled together the gas tax increase with inflation. During his tenure he has almost doubled the gas taxes Illinoisans pay.

Given the record inflation across the board is your income keeping pace or are you trapped in The Financial Death Spiral? According to many economists' inflation of 4-6% for the next several years might not be out of the question. If that were to occur, is your income going to keep pace? Unless your income has increased over 9% after Federal, State, Local and Property tax increases you might be entering the Financial Death Spiral.

Doing nothing could lead to financial challenges in the future. So if you are concerned about your financial wellbeing give me, Milton Flanagan a call and we can schedule a time to develop a plan that might help you maintain your current standard of living.

I can be reached at 630-235-5273 or by email at mflanagan@flanaganfinancialservices.net or via my website at www.flanaganfinancialservices.net.

I look forward to scheduling a time to talk.

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