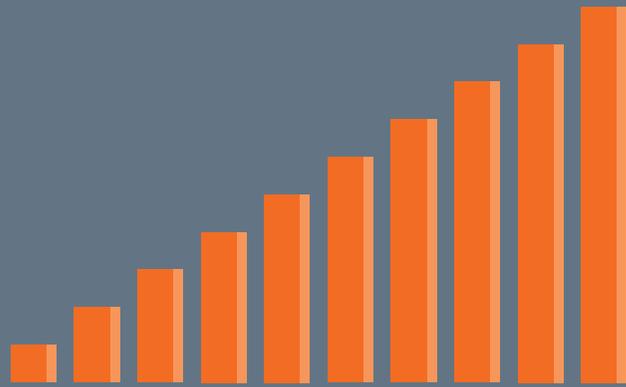


# *Understanding* **INFLATION**

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**Addition**  
FINANCIAL

- IT'S A -  
**MONEY**  
**THING**<sup>®</sup>



# What's *inflation?*

Simply put, inflation refers to the rate of change or increase in the average prices of goods and services typically purchased by consumers. When the price level rises, every dollar you have buys a smaller percentage of a good or a service.

**The effects of inflation  
really add up over time!**

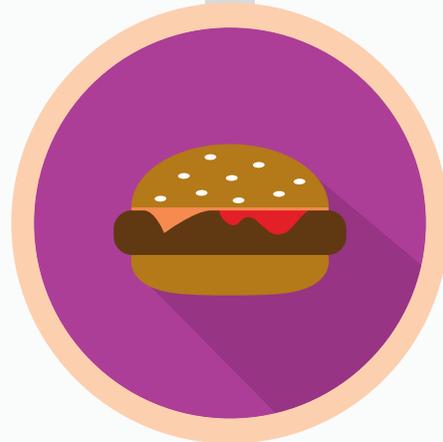
# COMPARING PRICES THEN AND NOW

1950s

TODAY

FAST-FOOD HAMBURGER

15¢



\$2.49

# COMPARING PRICES THEN AND NOW

1950s

TODAY

MOVIE TICKET

46¢



\$9.16

# COMPARING PRICES THEN AND NOW

1950s

TODAY

OUNCE OF GOLD

\$34.72



\$1,899

**It seems like a dramatic difference  
when you compare prices from the  
1950s with today, but in reality,  
inflation changes quite slowly**

# UNDERSTANDING THE INFLATION RATE



- To gain a better understanding of inflation, it's important to understand the consumer price index (CPI)
- The index tracks the percentage change in the prices of a basket of 80,000 goods and services

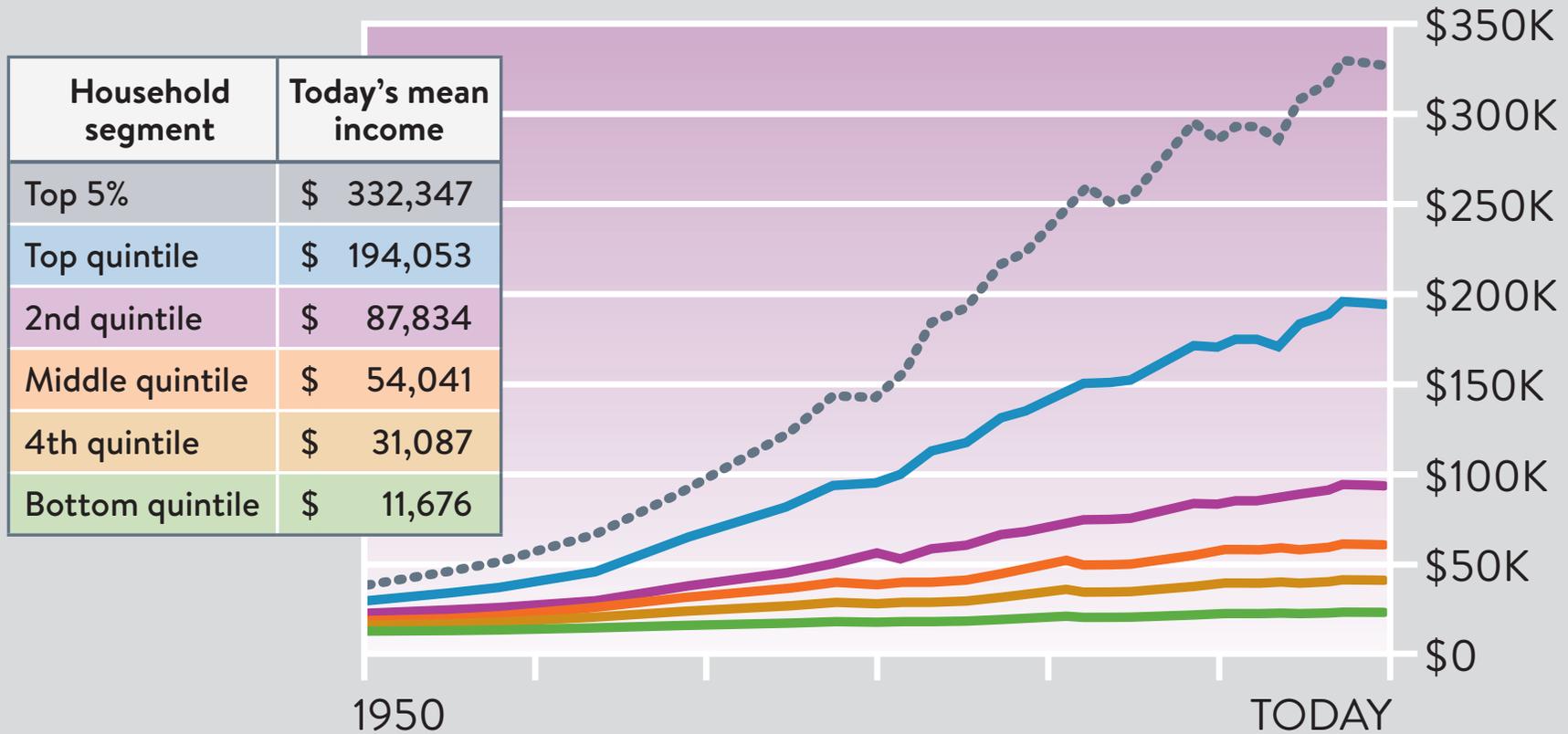
# UNDERSTANDING THE INFLATION RATE



- It is computed each month by the U.S. Bureau of Labor Statistics and is used to track the progress of inflation in the United States
- The change in the CPI can vary by less than 1% to over 5% from year to year

**While the costs of goods and services  
rise over time, so does income—  
for some, much more than others**

# INFLATION AFFECTS MORE THAN PRICES



**Now that you see how the prices of goods and services rise, as well as how incomes rise, let's dig a little deeper**

# COMPARING PRICES THEN AND NOW

1950s

TODAY

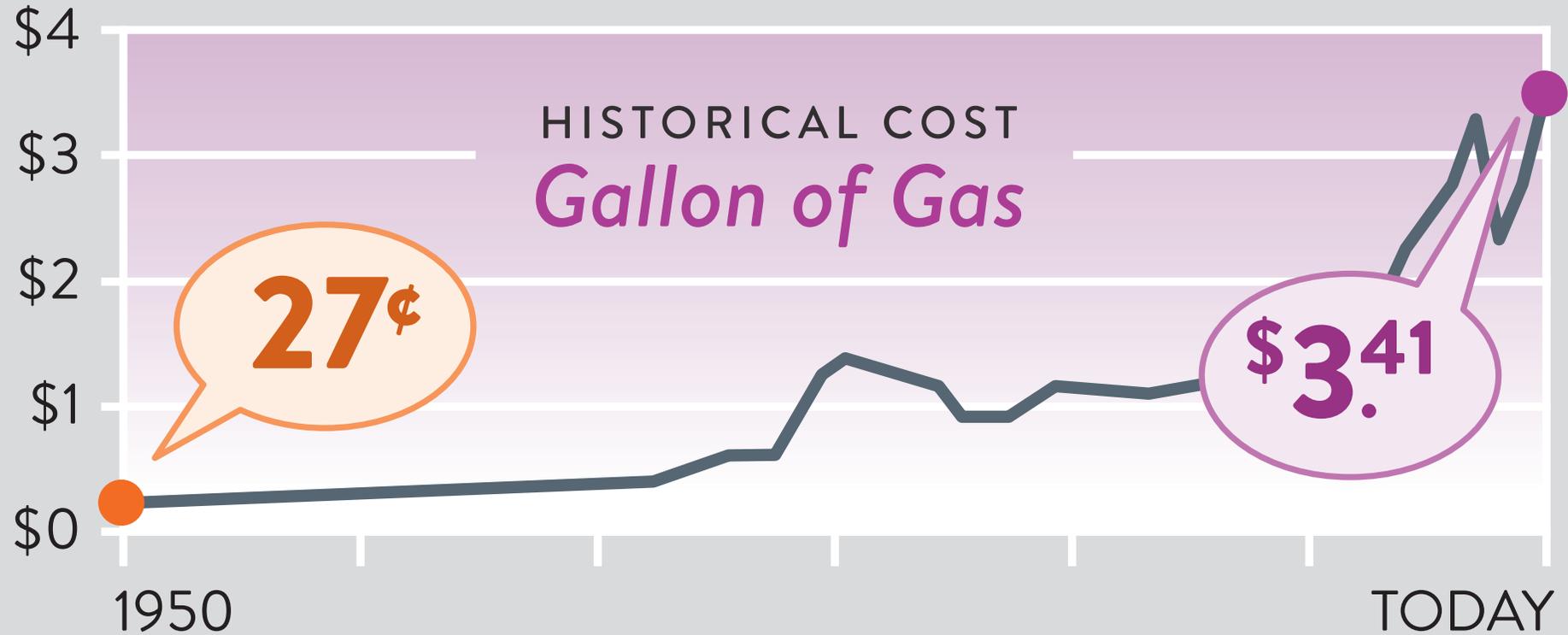
GALLON OF GAS

27¢

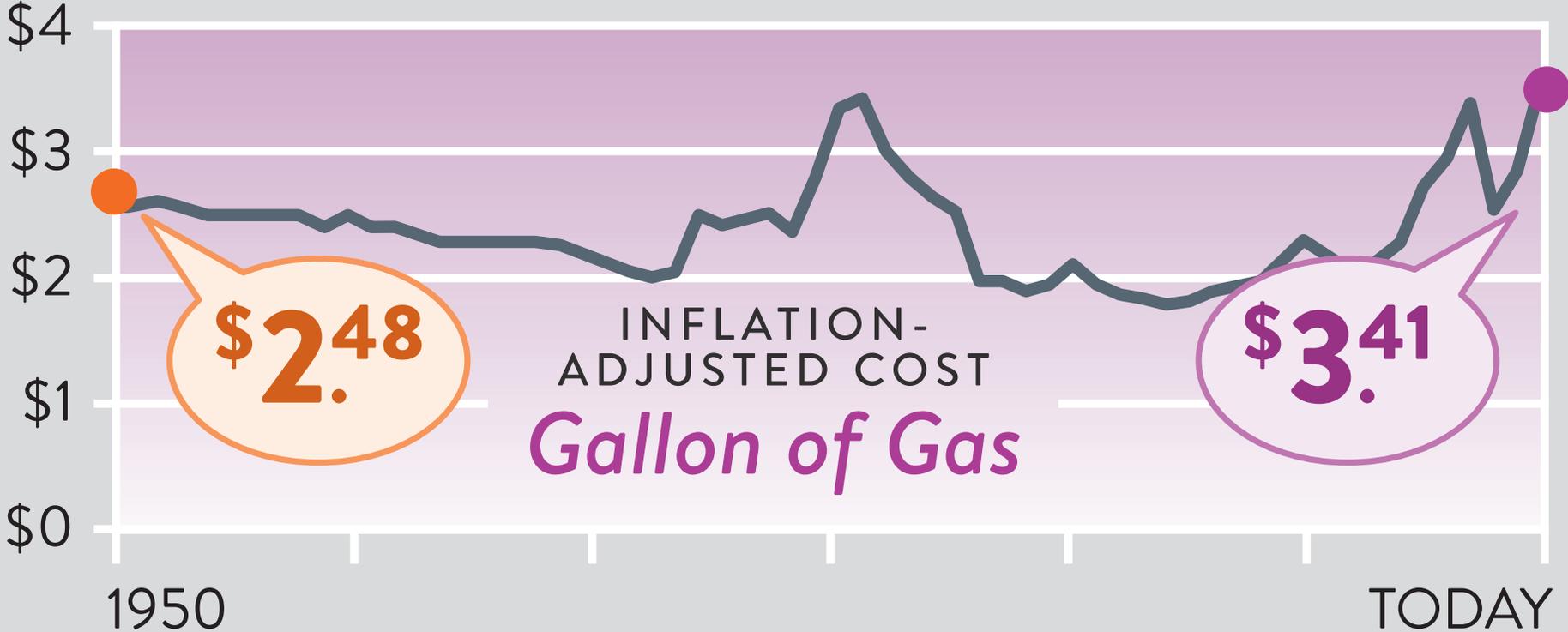


\$3.41

It looks like gas prices have gone through the roof!



However, when you adjust for inflation, you can see that a gallon of gasoline today costs a little more than it did in 1950



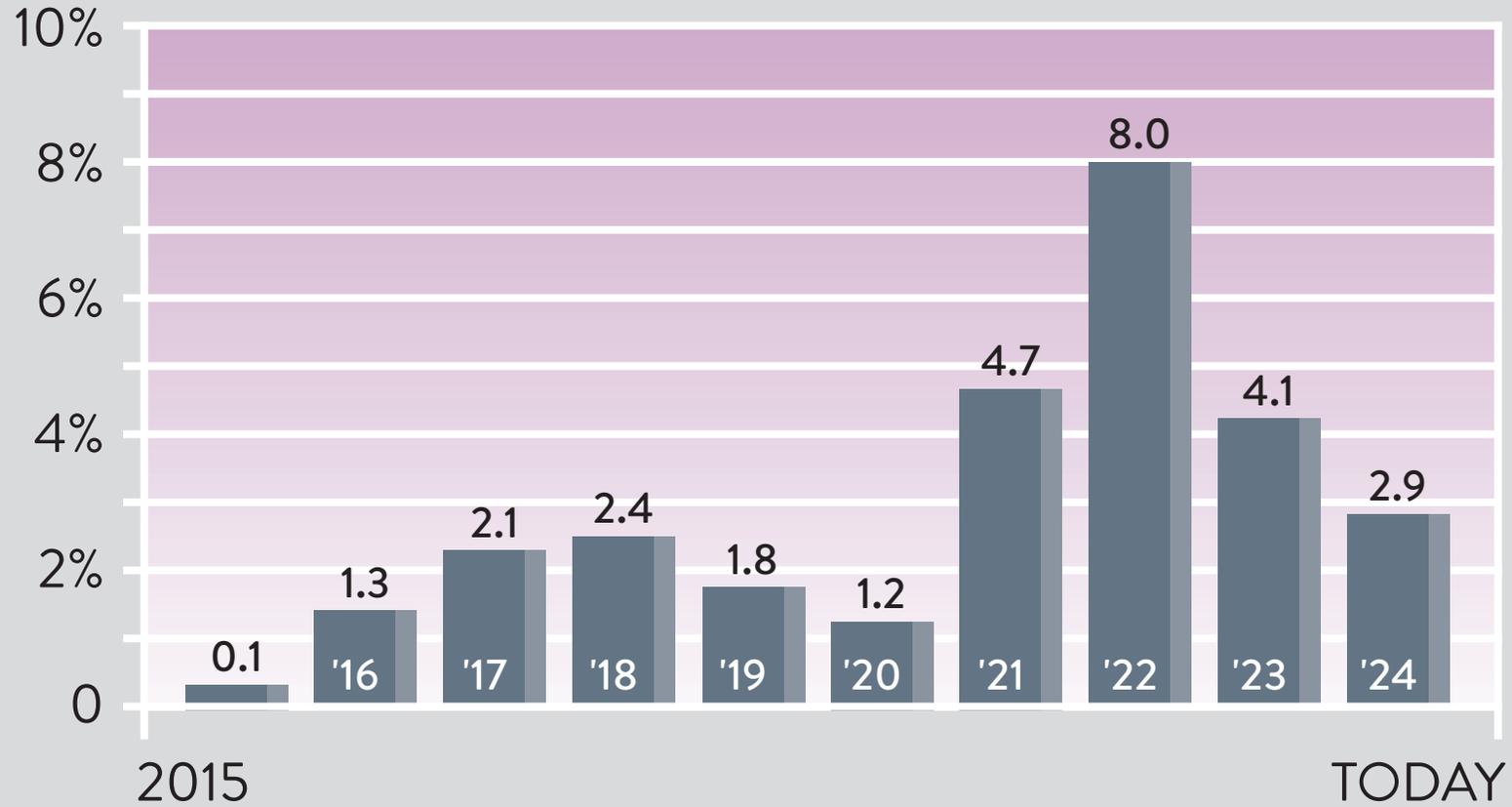
*Things you can do to keep up with*  
***inflation***

# YOUR INCOME SHOULD KEEP UP WITH INFLATION



- It's a smart idea to check on the inflation rate at least once a year
- The inflation rate is a good indicator of the total cost-of-living increase that you can expect in the current year
- Whether you have an hourly or salaried job or you are self-employed, to keep pace with inflation, you should strive to increase your income by at least the annual inflation rate

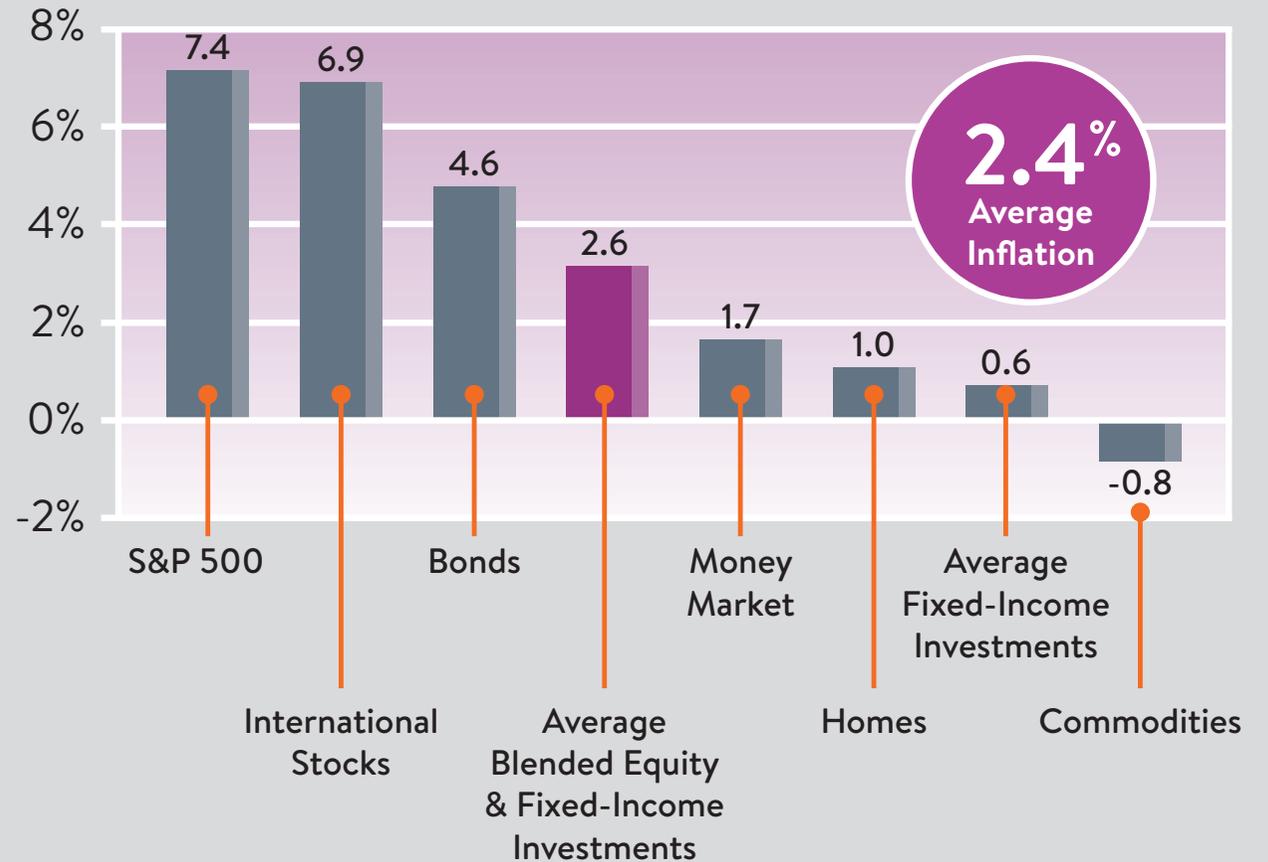
UNITED STATES  
*Annual Inflation Rate*



# **STRIVE FOR YOUR SAVINGS TO KEEP UP AS WELL**

**Investing can help you counteract the negative effects of inflation—again, strive for your rate of return to be greater than the inflation rate**

# 10-Year Annualized Returns



**As you can see, this is easier said than done—good luck and be careful with investing your hard-earned money!**

## **ABSOLUTELY NO GUARANTEES**

**All investments made in stocks, bonds and mutual funds carry the risk of losing some or all of your money, even when made through a financial advisor or financial institution**



BROUGHT TO YOU BY



Sources: *Forbes*, Statista, United States Department of Labor (Bureau of Labor Statistics), United States Census Bureau

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