



# Living Well with Inflation

Managing Investment Strategies for Inflationary Times

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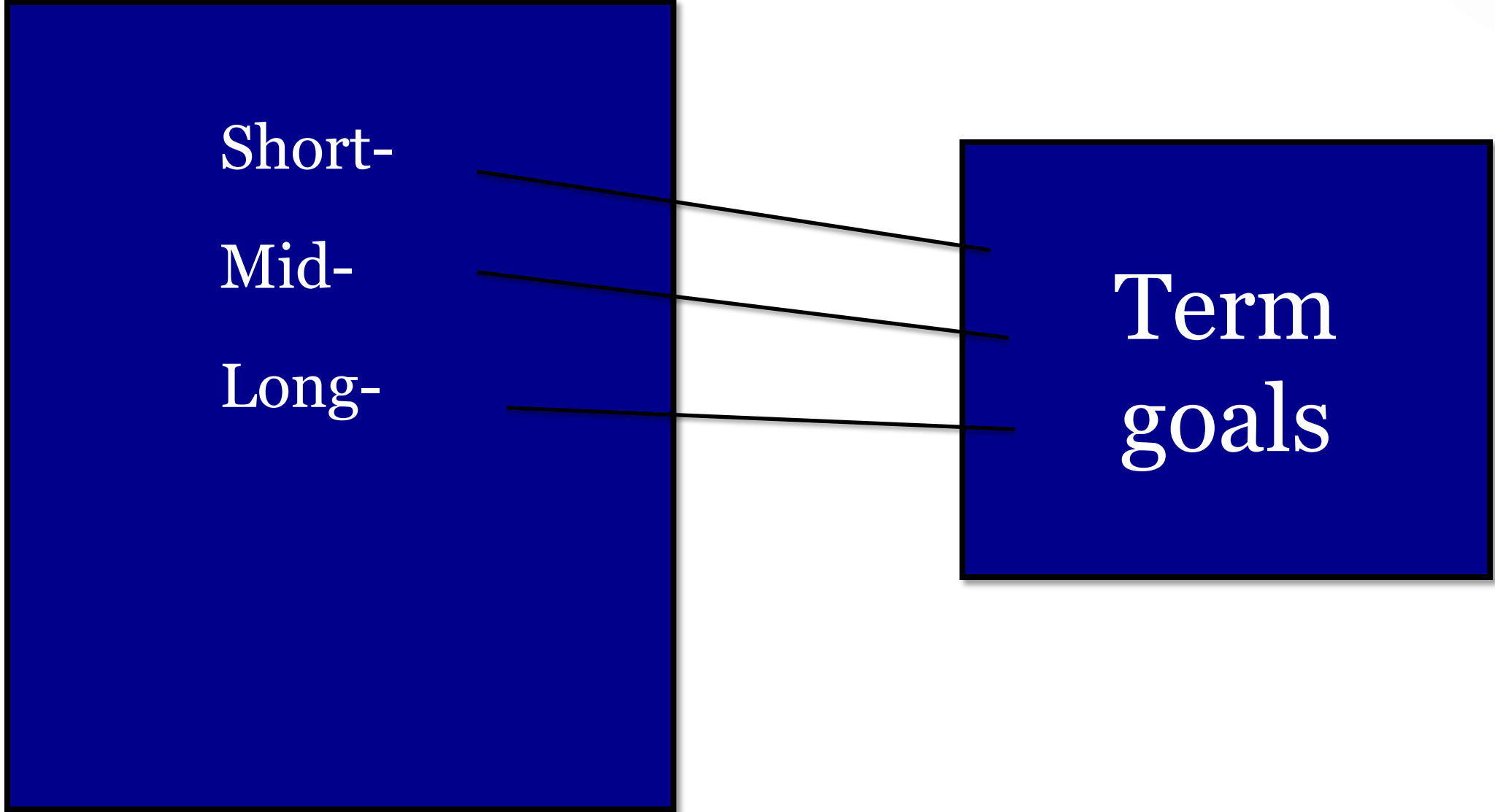
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# Disclaimer

This presentation is signed for educational purposes only. It should not be construed as legal or financial advice. If professional assistance is required, The services of a competent professional should be sought.

# Invest In Your



# Time to go back to basic

- Short-term emergency fund for unexpected expenses - \$1000+
- Stop spending on credit
- Long-term emergency fund 3-to-12-month expenses
- Review saving and investment goals
- Diversify and rebalance saving and investments



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# Pay off Debt

Paying off debt provides a guaranteed return on investment and increase cash flow when completed

Focus on:

- High interest debt
- Adjustable rate debt

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## Short-Term Savings 1 month to 3 months

- Cash
- High Yield Saving Account

## Short-Term Savings 3 months to 12 months

- Cash
- High Yield Saving Account
- I-Bonds
- Short-term CDs

## Short-Term Savings 12 months to 36 months

- I-Bonds
- High Yield Saving Account
- CDs

\*Be Wary of early withdrawal penalties



# I bonds

Series I savings bonds protect you from inflation. With an I bond, you earn both a fixed rate of interest and a rate that changes with inflation. Twice a year, we set the inflation rate for the next 6 months.

## Current Interest Rate

### Series I Savings Bonds

9.62%

For savings bonds issued May 1, 2022 to October 31, 2022.

Complete the purchase of this bond in TreasuryDirect by October 28, 2022 to ensure issuance by October 31, 2022. [Learn more](#)

<https://www.treasurydirect.gov/savings-bonds/i-bonds/>

#### How does an I bond earn interest?

I savings bonds earn interest monthly. Interest is compounded semiannually, meaning that every 6 months we apply the bond's interest rate to a new [principal value](#). The new principal is the sum of the prior principal and the interest earned in the previous 6 months.

Thus, your bond's value grows both because it earns interest and because the principal value gets bigger.

We list interest rates for all I bonds ever issued in 2 ways:

- Matrix showing fixed rates, inflation rates, and combined rates together (PDF)
- Separate tables for fixed rates, inflation rates, combined rates

More about [I bond interest rates](#)

#### How long does an I bond earn interest?

30 years (unless you cash it before then)

#### When do I get the interest on my I bond?

With a Series I savings bond, you wait to get all the money until you cash in the bond.

Electronic I bonds: We pay automatically when the bond matures (if you haven't cashed it before then).

Paper I bonds: You must submit the paper bond to cash it.

See [Cash in \(redeem\) an EE or I savings bond](#).

#### Can I cash it in before 30 years?

You can cash in (redeem) your I bond after 12 months.

However, if you cash in the bond in less than 5 years, you lose the last 3 months of interest. For example, if you cash in the bond after 18 months, you get the first 15 months of interest. See [Cash in \(redeem\) an EE or I savings bond](#).

#### How much does an I bond cost?

Electronic I bonds: \$25 minimum or any amount above that to the penny. For example, you could buy an I bond for \$36.73.

Paper I bonds: \$50, \$100, \$200, \$500, or \$1,000

#### Is there a maximum amount I can buy?

In a calendar year, one Social Security Number or one Employer Identification Number may buy:

- up to \$10,000 in electronic I bonds, and
- up to \$5,000 in paper I bonds (with your tax refund)

For individual accounts, the limits apply to the Social Security Number of the first-named in the registration.



# Long Term Investments

- Don't Panic
- Re-evaluate your risk tolerance and asset allocation
  - Is your investment portfolio diversified
  - Is your portfolio aligned with your risk tolerance
- Re-evaluate your Investment and Saving Goals



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Account	Where is Your Money Going?	Pros/Cons	Risk Factor
Stock	You are buying a share of ownership in a company.	Because of the risk, investing in stocks and mutual funds makes the most sense for long-term goals such as retirement.	Higher Risk
Mutual Fund	Your money is pooled with money from other investors to buy stocks, bonds or securities.		
Bond	You are loaning money to a company or government.	For savings goals in three to five years, it makes sense to use lower-risk savings options.	
Money Market Account	You earn more interest than in a basic savings account, but may need a large opening balance.		
Certificates of Deposit (CDs)*	You invest money for a set period of time in exchange for a favorable interest rate.	Very little risk means very modest returns.	Lower Risk
Basic Savings Account*	Returns are low, but your money is relatively safe, and you can access it easily.		

\* Lower risk if insured by FDIC, or other credible agency

# Long Term Investing Strategies in Times of Inflation

- Tax-Loss harvest bad investments
  - The IRS will allow deduction of up to \$3000 in Capital Gain Loss per year.
  - Be aware of the Wash-sale rule – if you sell a security at a loss and buy the same or a substantially identical security within 30 calendar days before or after the sale, you won't be able to take a loss for that security on your current-year tax return.
- Purchase investment through dollar-cost averaging
  - Allow you to lower You were volatility risk
  - Removes emotional decision making (you plan on buying high and low)
- Buy High Quality investments at a discount
  - Look for investment with strong cash flows and net profits
  - Look to Energy, food, medicine and consumer staples

# Thank you!

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