

TRS FINANCIAL AWARENESS VIDEO SERIES

VIDEO #10: Inflation

Transcript

Meet Ricardo. Ricardo is a high school Spanish teacher. He's been a TRS member for 25 years. One Saturday, Ricardo takes his grandson to an amusement park. At the concession stand, Ricardo is shocked by the prices. "Five dollars for a corn dog?!" he says. "When I was a kid, I could buy a corn dog, ice cream, popcorn AND cotton candy for five dollars. Sheesh!"

Ricardo is experiencing what we all know as inflation. As the inflation rate rises, the purchasing power of your money will fall. This means as time goes by, you'll need more money to buy the same goods and services.

While your TRS pension may cover your expenses when you first retire, it will not automatically be adjusted to compensate for inflation. It is likely that you'll need to be able to outpace inflation with your personal savings.

Because it is difficult to forecast what the future rate of inflation will be, it is difficult to foresee whether you're saving enough for retirement. However, you can make predictions on future inflation rates based on past rates.

Use a realistic estimate of long-term inflation rates over the course of your expected retirement to hammer out your savings goal. There are a variety of online resources available to help you do this, including the resources accompanying this video. It may also be helpful to consult a financial advisor.

Don't let inflation leave you hanging without enough retirement income to cover your expenses. Create a financial plan that will keep your momentum going all the way through your golden years.

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