

Hello Everyone,

When We Drink, We Get Drunk.

When We Get Drunk, We Fall Asleep.

When We Fall Asleep, We Do Not Sin.

When We Do Not Sin, We Go To Heaven.

So, Let's Get Drunk And Go To Heaven.

Irish Toast

I think our monetary authorities think the same way.

- We can solve debt problems with more debt.
- We can spend our way to prosperity.
- If we consume more, we will produce more.
- If we pay people not to work the economy will grow.
- If the economy grows, we will pay off the debt.

If only I could make that a poem--- I'd mass produce them on antique looking boards and sell them at ***Cracker Barrel*** stores.

But putting my dreams of vast riches aside...

Today's missive examines the silent thief that is inflation.

I hope it helps you see how the Fed's policy to let inflation run hot is meant to help government but not you.

Signed, Your I-Was-Told-To-Take-My-Wife-Somewhere-Expensive-For-Our-Anniversary-So-I-Made-A-Reservation-At-The-Lumber-Department-Of-Home-Depot Financial Advisor,

Greg

KKOB 06.07.2021 Jumping the Shark

Bob: So, Greg, today you want to link Fonzie from the old ***Happy Days*** TV series, government spending, and retirement accounts, right?

Greg: I do. Bob, as you know with most TV series there comes a point where the writers run out of ideas....and the show gets

either silly or absurd. That's when everyone knows the end is near.

Well, the classic example of this was when Fonzie (wearing his leather jacket no less) got on a pair of water skis and supposedly jumped over a shark. It was so stupid, even the most loyal fans stopped watching.

Thus, the term "*jumping the shark*" was born. It indicated something that was once good had become ridiculous.

The reason I bring this up, is I believe with respect to government spending---- we have jumped the shark.

Bob: I must admit I was pretty surprised to see a \$6 trillion budget proposal from President Biden. And I know the tax increases ---and spending proposals---will probably be scaled back....still, the debts (and spending) are out of control.

Greg: I agree. We were already seeing the inflationary effects from last year's Covid spending spree. And now we are just adding fuel to the fire.

Anyway, what does this mean for your intrepid listeners?

It means those "magic numbers" that every financial advisor told their clients they needed to reach for retirement must be recalculated.

So, let's do some math.

Bob, let's pretend your dad retired in 2006. The average national wage back then was around \$39,000 per year. Most advisors said would have said to your dad, "*Mr. Clark, you will likely live 20 more years. You will get social security. To play it safe, let's try to get you \$44,000 per year. Social security will give you just under*

half of that. So, you'll need the magic number of \$445,000 in your retirement plan to get to \$44,000 per year.

Bob: OK. So, what you're saying is social security was going to provide maybe half of the \$44,000. But the magic number for investments was over \$400,000, because you could get 4%-5% interest per year---and that would provide the rest, right?

Greg: Right. So, let's spring forward to 2019. The average national wage was now up to \$54,000 per year. And even though social security checks went up, the magic number was now \$622,000.

Bob, that translates to a 40% increase in the cost to retire....and that happened in only 13 years. And it's mostly because of inflation.

So, now let's look at today. Many advisors are rightfully saying, *"Uhh, Mr. Retiree, social security doesn't go as far as it used to. To supplement, you are going to need \$1 million in investments to retire. With a million we can take out 4% per year---that's 40 grand to tack on to your social security checks. And hopefully we can make this stretch for 25 years."*

And, Bob, the reason I added the "hopefully" at the end of that sentence is every financial advisor worth his or her salt knows that if inflation runs hot that likely means the 25-year prediction won't hold.

The bottom line is this...inflation is the great thief that steals a lifetime of a person's hard work and sacrifice. And, Bob, inflation's origin is always in politics and banking.

Bob: Right. But most Americans don't know who the bankers are. And the politicians could have planted the inflation-seeds

years (or even decades) ago. So, very few people ever make the connection to who is responsible for the rising prices---- and lower standards of living.

Greg: Exactly. Through clever uses of debt, these people reach into the future and pull money into the present. That's theft. Then they print like crazy to cover the trail and hide the evidence. That is what we are seeing now.

So, as an investor, I believe the smartest thing to do is shape your portfolio for the rising inflation to come. Beat them at their own game.

Bob: So this really is like the end of a TV series. Financially, we are jumping the shark. I get it. How do people reach you?

Greg: Well said. My number is 250-3754. Or go to my website at zanettifinancial.com.

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