

Planning News

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In this issue:

- **Closing the Social Security Funding Gap**
- **Do You Have a Will?**
- **Where are the Workers?**
- **Food Inflation: What's Behind It and How to Cope**

We hope you enjoy this issue of Planning News and its in depth and informative article content.

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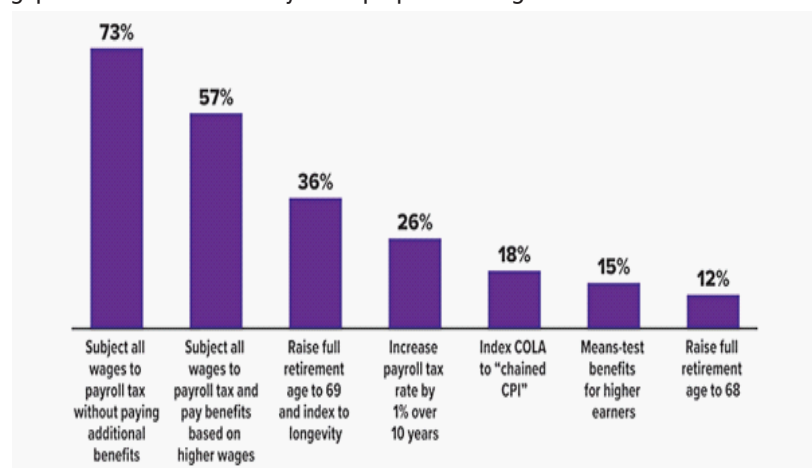
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Closing the Social Security Funding Gap

According to the 2021 Social Security Trustees Report, the reserves that help fund Social Security retirement and disability benefits will be depleted in 2034, one year earlier than last year's projection due to the pandemic. At that time, the program will be able to pay only 78% of scheduled benefits. Numerous bills have been introduced to address the shortfall, but lawmakers have stalled because potential fixes require increased taxes and/or benefit reductions. The chart below shows the estimated percentage of the 75-year Social Security funding gap that would be closed by some proposed changes.

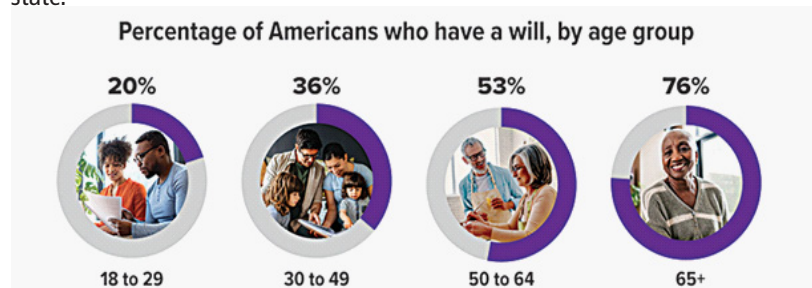


Source: Social Security Administration, December 13, 2021

Do You Have a Will?

A 2021 Gallup poll found that only 46% of U.S. adults have a will — similar to the results of other Gallup polls over the last 30 years. It's not surprising that older people are more likely to have a will, as are people with higher incomes.

Regardless of age or income, having a will is an essential step to pass your assets to your heirs with clarity and confidence. A will enables you to distribute your property, name an executor for your estate, and appoint a guardian for minor children. Various software programs may help you create a will, but it is generally better to consult an attorney who is familiar with the laws of your state.



Source: Gallup, 2021

Where Are the Workers?

The labor force participation rate — the percentage of Americans age 16 and older who are working or actively looking for work — peaked in early 2000, when it began to drop due to aging baby boomers and more young people in college. Participation was rising before plummeting at the onset of the pandemic.

The rate has only partially recovered due in large part to accelerated retirement among workers age 55 and older. Other reasons include fewer child-care workers, reduced immigration, and many workers unwilling to return to low-paying jobs. Some experts believe it may never return to pre-pandemic levels. The question for the U.S. economy is whether technology and other productivity measures can maintain economic growth with a smaller percentage of the population in the workforce.



Source: U.S. Bureau of Labor Statistics, 2016 & 2022; The Wall Street Journal, October 14, 2021; CNN, December 15, 2021

Food Inflation: What's Behind It and How to Cope

As measured by the Consumer Price Index for food at home, grocery prices increased 3.4% in 2020, a faster rate than the 20-year historical average of 2.4%. More recently, food inflation accelerated by 6.5% during the 12 months ending in December 2021, while prices for the category that includes meat, poultry, fish, and eggs spiked 12.5%.

Food prices have long been prone to volatility, in part because the crops grown to feed people and livestock are vulnerable to pests and extreme weather. But in 2021, U.S. food prices were hit hard by many of the same global supply-chain woes that drove up broader inflation.

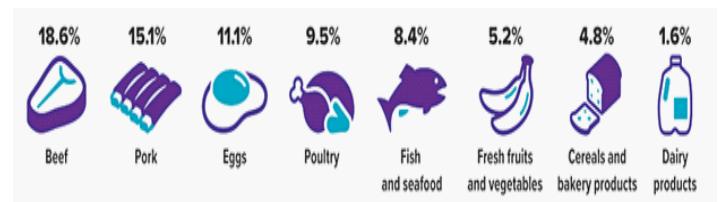
The pandemic spurred shifts in consumer demand, slowed factory production in the United States and overseas, and caused disruptions in domestic commerce and international trade that worsened as economic activity picked up steam. A shortage of metal containers and backups at busy ports and railways caused long shipping delays and drove up costs. Severe labor shortages, and the resulting wage hikes, have made it more difficult and costly to manufacture and transport many types of unfinished and finished goods.

As long as businesses must pay more for the raw ingredients, packaging materials, labor, transportation, and fuel needed to produce, process, and distribute food products to grocery stores, some portion of these additional costs will be passed on to consumers. And any lasting strain on household budgets could prompt consumers to rethink their meal choices and shopping behavior.

Seven Ways to Master the Supermarket

The U.S. Department of Agriculture expects food inflation to moderate in 2022, but no one knows for certain how long prices might stay elevated. In the meantime, it may take more effort and some planning to control your family's grocery bills.

Annual Change in Consumer Price Indexes for Food (through December 2021)



Source: U.S. Bureau of Labor Statistics, 2022

1. Set a budget for spending on groceries and do your best not to exceed it. In 2021, a typical family of four with a modest grocery budget spent about \$1,150 per month on meals and snacks prepared at home. Your spending limit could be higher or lower depending on your household income, family size, where you live, and food preferences.
2. To avoid wasting food, be aware that food date labels such as "sell by," "use by," and "best before" are not based on safety, but rather on the manufacturer's guess of when the food will reach peak quality. With fresh foods like meat and dairy products, you can usually add five to seven days to the "sell by" date. The look and smell can help you determine whether food is still fresh, and freezing can extend the shelf life of many foods.
3. Grocery stores often rotate advertised specials for beef, chicken, and pork, so you may want to plan meals around sale-priced cuts and buy extra to freeze for later. With meat prices soaring, it may be a good time to experiment with "meatless" meals that substitute plant-based proteins such as beans, lentils, chickpeas, or tofu.
4. Stock up on affordable and nonperishable food such as rice, pasta, dried beans, canned goods, and frozen fruits and vegetables when they are on sale.
5. Select fresh produce in season and forgo more expensive pre-cut and pre-washed options.
6. Keep in mind that a store's private-label brands may offer similar quality at a significant discount from national brands.
7. Consider joining store loyalty programs that offer weekly promotions and personalized deals.