Announcer ([00:03](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=3.39)):

The Missouri State Journal, a weekly program keeping you in touch with Missouri State University.

Emily Yeap ([00:10](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=10.46)):

As prices of goods and services continue to rise due to inflation, many Americans are struggling to cope. How can people weather these challenging times? What should they do or not do regarding their personal finance? I'm Emily Yeap.

Certified financial planner Dr. James Philpot joins me today to offer some tips and advice. He's also associate professor in the Department of Finance and Risk Management at Missouri State University.

Dr. James Philpot ([00:38](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=38.21)):

Since about 1992, the Federal Reserve has been pretty much pursuing an aggressive monetary policy that is very expansionist. We've also, since about that time, had some very expansionary fiscal policy, a lot of government spending, a lot of government deficits, and the Federal Reserve has very much accommodated that.

And when the Federal Reserve is doing that, basically it amounts to them printing money, which is fine if there is also the real growth in the economy. That is, our economy is putting out real goods and services at a rate that's faster than the money's being created.

So, long story short, monetary and fiscal policy has had inflation coming at us for a long time. It finally came due here in the last two years.

Emily Yeap ([01:36](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=96.74)):

He shares the outlook ahead.

Dr. James Philpot ([01:39](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=99.08)):

I think this inflation is gonna be with us for a while. Barring some other economic shock, some other unforeseen event coming along, I don't see the inflation rate going back up above 10%, but I think we're gonna see this inflation rate stay with us for probably another year, year and a half.

The Federal Reserve is doing something about it. We've had some interest rate increases. I would not be surprised to see two more rounds of Federal Reserve interest rate increases.

Emily Yeap ([02:14](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=134.41)):

Philpot suggests some good things to do to weather inflation.

Dr. James Philpot ([02:18](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=138.25)):

There are a lot of good things to do on the consumption side. For example, something as basic as planning meals and planning a budget as a result, couponing, all those things that if you're younger, your parents talked about doing. Well, your parents learned to do that in the 1970s when we had real heavy inflation for a long time. And that's not a bad thing right now.

We spend a lot of money on gasoline. Drive more slowly, drive more deliberately, plan your trips and try to consolidate the errands into one outing so that you're driving maybe a little less, driving more efficiently and effectively consuming less gas as we're going along. If you do have a vehicle that may need some maintenance in order to maximize the fuel economy, now's a great time to get that maintenance done because gas prices, although they're not as high as they had been, that's still a pretty big portion of what a lot of us spend our money on.

Emily Yeap ([03:19](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=199.47)):

What about making major purchases?

Dr. James Philpot ([03:22](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=202.919)):

Question about major purchases is a little more challenging. On the one hand, if we're trying to finance a major purchase, interest rates have come up a little bit more. Generally speaking, housing markets fluctuate. Investment securities markets fluctuate, Durable good markets like appliances, cars, they don't fluctuate that much.

 So, if you are thinking about buying something, you might want to consider buying before the price goes up more. A lot of the things we buy just as consumers after an inflation round, they're not coming back down in price.

Emily Yeap ([03:57](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=237.96)):

Philpot highlights what not to do.

Dr. James Philpot ([04:00](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=240.35)):

I would really not recommend making drastic changes to say your long term saving an investment program. If you are investing toward a retirement that is 20-plus years away and you're satisfied with the investments in your portfolio, I don't recommend you make any kind of changes.

Yes, markets are down some, but especially equity markets, stocks, those investments tend to have a good return against inflation whereas bonds and other fixed savings type vehicles don't. So, we don't wanna make knee jerk responses to the inflation.

But as far as saving goes, the rationality of inflation, it's interesting, the psychology of inflation is don't save. It makes no sense to save. You might as well spend the money. But if you have a regular saving program towards some sort of goal, I really don't recommend making major changes to that. As in life in general, the worst thing we can do a lot of times is panic.

Emily Yeap ([05:08](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=308.19)):

That was certified financial planner Dr. James Philpot from Missouri State. I'm Emily Yeap for the Missouri State Journal.

Announcer ([05:16](https://www.temi.com/editor/t/GueA2-mDWJ8JEUZNIdj8mXc9ffkP7sHkrilcjxC7WLTe-TUmtwYHktejBuLRSiWi_v-no5xZLjtrXdL4pRsHyJhhEWQ?loadFrom=SharedLink&ts=316.95)):

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