

## The Hidden Dangers of Inflation

by Michael Sexton

Over the last few months, I've felt the impact of inflation more strongly than I ever have before. And lots of my friends tell me that they're feeling the crunch too.

Suddenly, I find that I am paying about \$45 for every bag of groceries that I buy. That is not a scientific measure, but it feels like an increase of \$10 per bag in just the last few months. Now that warm weather is here and I can add up what it cost me to heat my home last winter, I am in shock. Even when I average out my heating costs across 12 months, I see that it is costing me about \$400 a month just to keep my family warm. And when I go to the gas station to fill my car? Well, I don't need to tell you what that feels like. It really seems as though the cost per gallon of gasoline is increasing at the rate of about 10¢ a week. Can you recall another time when we have seen inflation like that? I can't.



Worse yet, I have discovered something troubling about the way I handle inflation. I am failing to save and invest as much as I did just a year ago. After all, I have to heat my house, feed my family and drive my car. So in the crunch of daily life, I am not doing enough to protect my financial future. Like a lot of my friends, I find myself thinking, "Well, I'll just cut back, tighten my belt a notch, spend less on unnecessary items, and get through this period." That might keep me a step or two ahead of my monthly cash flow. But meanwhile, dollars are disappearing like sand through my fingers - dollars that I should be investing.

That is not wise.

My friends, unless we find a way to catch some of those dollars and hold onto them, inflation has the potential to do great financial damage to us. We could all retire with a lot less accumulated wealth than we had planned for.

I don't have all the solutions to this problem. None of us does. Yet I do know one strategy that can really help. Very wealthy people use this approach it to keep their wealth growing, even in the current inflationary climate, and this strategy can work for you too:

### ***Put your money in income-producing, not static, investments.***

Instead of simply putting all your investment money into your 401(k), IRA, or other vehicles that earn income that you can't access for years, put your money into investments that offer both cash income *and* long-term appreciation.

I am talking about buying a business, investing in foreclosed properties and engaging in other forms of active investing that provide both long-term growth and immediate cash income.

Make no mistake about it. These are difficult inflationary times. Yet a calm mind and wise advice can keep you and me ahead of the trends. We owe it to ourselves, and to our families, to make sure that happens.

Stanley Cham  
012 30 215 88

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e-mail: [stanleycscham@yahoo.com](mailto:stanleycscham@yahoo.com)

[www.stanleycham.com](http://www.stanleycham.com)