SUPER AGE

How To Protect Your Finances from the Impact of Inflation

SEP. 3, 25

From cutting costs now to planning for retirement, here's a guide to how to shield your money against rising prices.

If you haven't changed your spending habits, but your expenses keep going up, it's not you. It's inflation. You've likely seen higher prices at the grocery store and on goods and services. It's not a figment of your imagination, either. In fact, over the past five years, inflation has increased close to 25%, based on data from the **Bureau of Labor Statistics**.

In practical terms, this means that it costs more to buy everyday items and your money doesn't go as far as it used to. If you're focused on **longevity**, inflation can put your financial security at risk. You need your **money to stretch as long as your life continues** and that could be until you're **100 years old.**

Here, we cover what to know about inflation and how you can protect your assets in the short term, midterm, and long term.

Inflation Reality Check

As time goes on, prices go up. The issue is that wages aren't keeping up and inflation continues to diminish your purchasing power. While inflation has come down from its peak of 9.1% in 2022, it's still lingering above the Federal Reserve's goal of 2%, leading the agency to keep the federal funds rate high (which means it's more expensive to borrow, but there are higher yields on savings products).

For June and July 2025, inflation was up 2.7% from the previous year, essentially reversing the small, steady progress seen earlier when inflation was 2.4% in May and 2.3% in April.

Additionally, core inflation came in at 3.1% year over year. The core inflation metric doesn't include food and energy prices, which are typically more volatile. Inflation has been creeping up and new tariffs could add fuel to the fire, as companies pass on these higher costs to consumers.

“We’re in an era of rising grocery bills, higher rents, and climbing healthcare expenses because of both inflation, and pretty soon some of that will be hit by tariffs,” says Peter C. Earle, Ph.D, director of economics and economic freedom at the American Institute for Economic Research.

What You Can Do To Protect Your Finances from Inflation

Inflation is largely out of our control. But there are things that you *can* control to help your finances weather the impact of inflation.

Short Term: Quick Moves to Protect Your Cash

1. **Know Your Essentials:** In the short term, make sure you can meet your current financial needs and potential emergencies that arise. Doing so can help you avoid (additional) debt, which could be far costlier than inflation.

2. **Review Your After-Tax Income:** Make sure you know your absolute essentials budget. That includes your needs like housing, transportation, healthcare, and food. Trim down expenses by ditching things that aren’t serving you or are no longer worth the value with the potential price hikes.

3. **Maximize Your Savings Rate:** Keep your emergency savings in an account with a high Annual Percentage Yield (APY). For example, a money market account or a high-yield savings account. Securing a high APY is key to reducing the impact of inflation. While the APY you get may not completely outpace inflation, it can help slow down how quickly your money loses its value.

4. **Buy in Bulk When You Can**: Additionally, you can consider buying certain staple items in bulk. That can help you lock in the current price now and ensure you have access to what you need.

Midterm: Smart Money Strategies for the Next 5 Years

To help protect your assets in the midterm:

1. **Consider Certificates of Deposit (CDs)** Using a certificate of deposit, you’re able to get a fixed interest

rate for a CD term that you choose. The Federal Reserve is likely to reduce rates later this year, so locking in a higher rate now may help. CDs can be helpful for midterm cash reserves that you don't need now. They're not designed for liquid savings, as there is an early withdrawal penalty if you access your money before the CD term ends.

2 **Review Social Security Statement:** If you haven't done so already, create an account with **SSA.gov** to see your estimated Social Security benefits. You can see how your payments vary based on the age you start claiming benefits.

For example, if you wait and claim at 70, your benefits will be significantly higher than they would be at age 62. Seeing where you're at can help you plan for the future and delaying payments can help increase the amount you receive, which could help with inflation.

If you're already receiving Social Security benefits, know that there is a cost-of-living adjustment (COLA) to payments. For 2025, the COLA is 2.5%, which can be helpful but doesn't match the pace of inflation.

3 **Rebalance Your Portfolio:** Just like you want to stay in balance with your health and wellness, you might need to work to get your investment portfolio in balance. When you rebalance your portfolio, it means buying and selling investments so you get back on track with your target asset allocation.

Some options to look into include dividend stocks, index funds, bonds, and Treasury Inflation-Protected Securities (TIPS). Before doing anything, you may want to discuss with a finance or tax professional about potential implications.

Long Term: How to Future-Proof Your Finances

In the long term, you want to focus on housing and healthcare costs, as they can have a major impact on your expenses.

"Older Americans are disproportionately affected by inflation for a few reasons. First, because they're on a fixed income, but also because of the composition of their spending. They tend to spend less on consumer goods…but they spend more on utilities, on housing, as a percentage of their income, and also on healthcare," says Earle.

Earle notes that healthcare, utilities, and prescription drug costs rarely see price declines. To help prepare for the long term, you can:

1

Look into real estate. Home prices have seen a significant spike over the past few years, alongside inflation. While prices have fluctuated slightly, there hasn't been a meaningful decrease. The average sales price of homes in the U.S. was $383,000 as of Q1 2020 and is $512,800 as of Q2 2025, according to data from the **Federal Reserve Bank of St. Louis**. If you're able to purchase a home and become mortgage-free in your later years, you can protect yourself against inflation as you won't have mortgage payments and will be somewhat insulated from rising housing costs. Of course, you'll still be on the hook for maintenance, property taxes, and insurance.

2. **Research alternative assets.** As the value of the dollar drops, some people are looking into alternative assets like physical gold, gold ETFs, and bitcoin, which can provide diversification. Gold is often considered a hedge against inflation. Understand your risk tolerance before diving into the unknown.

3. **Learn more about annuities.** You can look into annuities that have cost-of-living adjustments, which provide payments in your later years that increase over time. The trade-off is that they typically have smaller initial payouts.

4. **Build a business.** If you have an entrepreneurial mindset, building a business can create a stream of income. This can provide you with more flexibility with pricing in an inflationary environment and give you more control over your income.

5. **Reimagine retirement.** The idea of traditional retirement may be changing, especially if you plan to live until your 90s or 100+. Give yourself permission to reimagine what retirement looks like. "Many now view retirement not as the end of work, but a transition to a new routine, new roles, new passions, whether that means working part-time, volunteering, things like that," Earle adds.

If you're still in the wealth accumulation phase and working, now is the time to build your nest egg and prepare so your funds continue to grow. Using the right strategies can act as a shield against inflation and support your financial security and longevity planning.

Inflation-Proof Your Finances: Checklist

Inflation can feel overwhelming, but even a few small, steady steps can make a real difference. Use this checklist as a starting point. Pick one or two actions today, and you'll already be building more protection for your future self.

- Review after-tax income and create an essentials-only budget
-

Trim non-essential spending

- Open a high-yield savings or money market account for emergency funds
- Buy staple goods in bulk at today's prices
- Lock in a CD at a favorable interest rate
- Review your Social Security statement at SSA.gov
- Rebalance your investment portfolio (stocks, bonds, TIPS, etc.)
- Create a plan to pay off your mortgage before retirement
- Explore alternative assets (gold, ETFs, bitcoin) for diversification
- Research annuities with cost-of-living adjustments
- Consider building a side business for extra income
- Redefine retirement to include part-time work, volunteering, or passion projects

---

WRITTEN BY:

Melanie Lockert