

Inflation Is a Real Challenge

We hear about inflation in the news every day. More importantly, we feel the effects of inflation every time we go to a supermarket, a gas station, or even a convenience store. **In 2022, the rate of inflation reached a high of 8.5%¹—the highest it's been in 40 years!**



The fact is even modest rates of inflation can have a significant impact on your financial goals. Consider the below scenarios:

Scenario 1: Saving for Retirement

You've spent your entire life working, budgeting, and trying to save as much as you can for what you hope will be a long retirement. Based on your projections, you'll have \$500,000 in your qualified retirement account when you retire.² But have you considered how inflation will impact that money?

Inflation over the years

Although it might be easy to dismiss a high rate of inflation as an extraordinary and temporary circumstance that won't impact your overall financial plans, you can't predict what the inflation rate will be when you retire or when you're transferring wealth to your loved ones. Between 1990 and 2021, a 21-year period, inflation ranged from -0.4% to 5.4%. Were your financial strategies created to weather any rate?

What **\$500,000** today will be worth considering various inflation rates over time

Inflation Rate	10 years	20 years	30 years
2%	\$410,174	\$336,485	\$276,035
4%	\$337,782	\$228,193	\$154,159
6%	\$279,197	\$155,902	\$87,055
8%	\$231,596	\$107,274	\$49,688

INVESTMENT AND INSURANCE PRODUCTS ARE: • NOT FDIC INSURED
• NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT A DEPOSIT
OR OTHER OBLIGATION OF, OR GUARANTEED BY, THE BANK OR ANY OF ITS
AFFILIATES • SUBJECT TO INVESTMENT RISKS INCLUDING POSSIBLE LOSS OF
THE PRINCIPAL AMOUNT INVESTED



Scenario 2: Leaving a Legacy for Your Family

Your family is everything to you, and it's your top priority to ensure they are taken care of financially even after you're gone. To accomplish this, you purchased a life insurance policy with a \$1,000,000 death benefit, thinking that was more than enough to help your family maintain their standard of living. But what does that \$1,000,000 look like after inflation?

What's your plan to protect against inflation?

Talk to your financial professional today to explore strategies using life insurance that could help you meet your goals. Some policies can accrue cash value that can be used to supplement your income in retirement, while others might offer an increasing death benefit to help your legacy keep pace with inflation. It all starts with a conversation.

What **\$1,000,000** today will be worth considering various inflation rates over time

Inflation Rate	10 years	20 years	30 years
2%	\$820,348	\$672,971	\$552,070
4%	\$675,564	\$456,386	\$308,318
6%	\$558,394	\$311,804	\$174,110
8%	\$463,193	\$214,548	\$99,377

¹ As of April 2022- Bureau of Labor Statistics.

² This assumes there is no growth over the period of times listed.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not obligations of, nor backed by, the broker-dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

We do not provide tax, accounting, or legal advice. Clients should consult their own independent advisors as to any tax, accounting, or legal statements made herein.

Life insurance is issued by The Prudential Insurance Company of America, Newark, NJ, and its affiliates.

This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any client or prospective clients. The information is not intended as investment advice and is not a recommendation about managing or investing your retirement savings. If you would like information about your particular investment needs, please contact a financial professional.

© 2022 Prudential Financial, Inc. and its related entities. Prudential, the Prudential logo, the Rock symbol are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.