10 Things You Can Do If You're Feeling Inflation's Pinch

We're facing the worst inflation in decades. Here's how you can lessen its impact on your wallet.

1. **Budget Basics** – If you don't have a budget, now's the time to make one. And if you already have one, it may be time to reexamine it. Do your spending habits align with your true priorities? Can you cut back anywhere?

2. **Don't Fall Into a Debt Trap** – When your bills are on the rise, you may want to reach for your credit card. Unfortunately, debt is going to get more expensive as the Federal Reserve raises rates in an effort to combat inflation. Prioritize paying off debt with the highest interest rates first.

3. **Energy Efficiency** – Making your home more energy-efficient can help keep your bills in check. Check windows and doors for leaks, make the switch to energy-saving light bulbs, and unplug chargers when not in use. Also make sure to regularly clean and replace filters and consider investing in a programmable thermostat.

4. **Save Some Green on Gas** – When it comes to saving at the pump, start with your own habits—keep up with your car's maintenance, stick to the speed limit, and be strategic about trips. Use apps such as GasBuddy or AAA to find the cheapest price nearby or look for stations that offer a discount when you pay in cash. Many grocery-store loyalty programs and warehouse-club memberships award discounts as well.

5. **Are You Still Watching?** – Now is a great time to reevaluate streaming services, subscriptions, and memberships. Are you using them enough to justify the cost? Do the same thing with phone, internet, and insurance providers; you may be able to switch to a cheaper alternative or negotiate a cheaper rate.

6. **Supermarket Savings** – If you're looking to save on groceries, start by planning meals around what you already have. Use coupons, shop midweek when prices drop, compare prices, choose store brands, and stick to your list. Take advantage of sales on canned goods and frozen (or freezable) foods that keep for a while.

7. **Shop Smart** – Coupon websites offer discounts for many online purchases. Before buying new, check Craigslist, Facebook Marketplace, and thrift stores. Warehouse stores often have even more savings: great deals on auto purchases, insurance, HVAC systems, and home furnishings.

8. **Save the Luxuries for Later** – Many of us are itching to indulge in a vacation after two years of a pandemic, but it may be a good time to rethink it. Vacations, large purchases, and extra luxuries may need to take a back seat; if it's not immediately necessary, you may want to wait for a better price down the road.

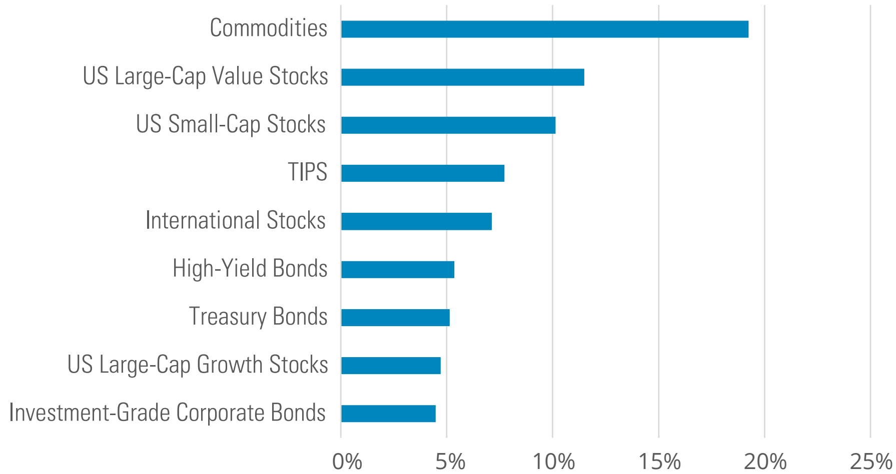
9. **Don't Neglect Your Piggy Bank** – You may be tempted to forsake putting a little money away each month, but it's important to have a safety net in place—because the unexpected is getting more expensive, too.

10. **Put Your Money to Work** – While your money may currently have less purchasing power, choosing investments with the potential to keep pace with inflation may be a wise strategy (**FIGURE 1**). Even if you can't afford to invest much now, the power of compounding can turn small amounts into large amounts over time. Keeping this perspective and playing the long game has historically paid off for investors.

FIGURE 1

Asset Classes That Benefited During Past Periods of Rising Inflation

Average Returns During Eight Inflationary Periods Since 1970



Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. See below for representative index definitions. For illustrative purposes only. Note: Historical data unavailable for some asset classes. Rising core CPI periods, which do not include food or energy prices, defined as increases of about 1% or more. Eight time periods shown in chart are: 1973-1975, 1977-1980, 1983-1984, 1987-1991, 1999-2001, 2003-2006, 2010-2012, 2020-2021. Source: Hartford Funds as of 12/31/21.

Talk to your financial professional to learn more about weathering higher inflation.

Commodities are represented by the Bloomberg Commodity Total Return Index, an index composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. **High Yield Bonds** are represented by the Bloomberg US Corporate High Yield Total Return Index, an unmanaged broad-based market-value-weighted index that tracks the total-return performance of non-investment grade, fixed-rate, publicly placed, dollar-denominated and nonconvertible debt registered with the SEC. **International Stocks** are represented by the MSCI World ex USA Index, a free float-adjusted market-capitalization index that captures large- and mid-cap representation across developed-markets countries excluding the United States. MSCI performance is shown net of dividend withholding tax. **Investment-Grade (IG) Corporate Bonds** are represented by the Bloomberg US Corporate Index, a market-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more. **Treasury Bonds** are represented by the Bloomberg US Treasury Index, an unmanaged index of prices of US Treasury bonds with maturities of one to 30 years. **US Large-Cap Value Stocks** are represented by the top 30% of the top 1000 US stocks based on a value score that equally weights multiple valuation metrics to arrive at an aggregated valuation metric. Valuation metrics include: Earnings Yield, Operating Cash Flow/Enterprise Value (EV), EBITDA (earnings before interest, taxes, depreciation, and amortization)/EV, Sales/EV, Dividend Yield, and Equity Yield. **US Large-Cap Growth Stocks** are represented by the top 30% of the top 1000 US Stocks based on 50% year-over-year total earnings growth and 50% year-over-year revenue growth. **US Small Cap Stocks** are represented by the US universe of small-cap stocks as identified by US stocks between the 85th and 98th percentiles of market cap. **TIPS** are represented by the Bloomberg US Treasury Inflation-Linked Bond Index (Series L), which measures the performance of the US Treasury Inflation-Protected Securities (TIPS) market.

Important Risks: Investing involves risk, including the possible loss of principal. • Investments in the commodities market may increase liquidity risk, volatility, and risk of loss if adverse developments occur. • Small-cap securities can have greater risks, including liquidity risk, and volatility than large-cap securities. • Different investment styles may go in and out of favor, which may cause a fund to underperform the broader stock market. • Foreign investments may be more volatile and less liquid than US investments and are subject to the risk of currency fluctuations and adverse political, economic and regulatory developments. • Fixed-income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall. • The value of inflation-protected securities (IPS) generally fluctuates with changes in real interest rates, and the market for IPS may be less developed or liquid, and more volatile, than other securities markets. • Obligations of US Government agencies are supported by varying degrees of credit but are generally not backed by the full faith and credit of the US Government. • Investments in high-yield ("junk") bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities.

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