

Inflation

My oldest daughter graduates from high school tomorrow (May 27). We've been putting aside a little here and a little there in a college savings account and in November (or so) I was feeling exceptional wise. The return on my investment was looking excellent. Today, that account has dropped in value by 30%. It's mildly depressing. I had a small inkling that I should sell enough of that mutual fund to take advantage of what I now know was a peak. But I didn't – I have been so committed to refrain from panic all of these years, why panic now.

But really, I haven't lost any real money because of dollar cost averaging. Over its 16-year life the account is up about 15% (at least at this minute).

Your predicament is not exactly like mine, but as we watch the value of our investments rise and fall, and fall – what do we do now?

Inflation Is Natural

First, realize inflation is natural.

Inflation is a natural economic response to always present economic pressures like, supply and demand. The layers of complexity increase, as you well know, when wars, rumors of wars, threats of wars, pandemics, governments, and weather are all shaken together like a can of soda by a 5 year while he's walking up the stairs.

Second, inflation can be the result of God's will. Since you're a Bible scholar you know that examples of this are present throughout the Bible, from Joseph (Genesis 41:29-31), to the prophets, and into the book of Revelation. I'm very careful here - I don't attempt to act as a prophet – attempting to declare when the news of today are indications of the end times or judgments of God. I don't think we usually know that with certainty. However, we can accept that God's correction could be active in a market correction to raise our eyes to Jesus for holiness and righteousness (Hebrews 12).

It's about Capital Preservation Not Getting Rich Quick

Third, realize that saving and investing is not about getting rich.

Since we can't tell the future we must understand that trying to predict the ups and downs of the markets are a fool's game. Benjamin Graham, in his classic work, *The Intelligent Investor*, teaches a fabulous investing principle. I'll paraphrase. Our goal in preparing for our financial future by saving or investing is to preserve capital not to get rich by other people's standards. He even advocates that our worst enemy financially is not others, the government, or the markets, but ourselves. We act as our own enemy because we often lack the emotional self-control to maintain the right course when the financial seas get choppy. By his standard, I've hit a home run (by preserving capital) with my daughter's college fund. Even though the price of the mutual fund is substantially down from its peak, I've still gained in value and preserved the value of the capital. So, I'm actively trying to adjust my emotional response to one of faith rather than running the fool's errands.

What should you do *personally*?

First, if you don't have a retirement account – now is the BEST time to start it. Yes, the market is volatile, but everything is “on sale” – you know the adage “buy low and sell high”. Well, comparatively speaking, it's low. I say, buy regularly, and you'll ride the highs and lows, and it will be smoother. Now is not the time to sell, it's the time to buy. And, if you're years from retirement – *probably* – this downturn will help lower your average cost per share.

Second, trim down where you can financially. Budget, budget, budget.

Third, realize that employment is generally up right now - this is quite different from the market recession of 2008 and following. While prices are high and possibly rising more, people are working and earning. High employment is a positive pressure on the economy.

Pastor Rob's Financial Tip

Allow the current financial markets to be a time of spiritual growth for you. If you're anxious, tell God why. If you're not anxious, tell God why. Pastor, God intends to use you as a stable agent of change in this time – but not by trying to predict the future – even with the Bible in your hand. Instead, God wants to shape your affections through your wise stewardship.