

# Financial Advisor D. Paterson Cope Explains How to Plan for Rising Inflation as a Fixed Income Retiree

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*People are putting off retirement as inflation continues to rise, but financial advisor D. Paterson Cope explains how retirees can offset rising inflation.*

BIRMINGHAM, ALABAMA, UNITED STATES, January 31, 2022 /EINPresswire.com/ -- It's no secret that inflation is real. For each of the last seven months, the inflation rate has been above 5%, reaching a recent high of 7% in December compared to the same month in 2020.

Prices are soaring, too, with the consumer price index [\(CPI\) up 7% year-over-year for December and up another 0.5%](#) from what it was in November, according to the U.S. Department of Labor. As financial advisor [D. Paterson Cope explains](#), people approaching retirement age attribute this increased cost of living as a major reason they're sticking in the workforce longer than they initially planned.

In typical years, most wealth management firms will build in roughly 2% inflation into their clients' retirement plans. But, when inflation hits levels this high, it can throw off those plans significantly.

What makes it even more challenging is that as people approach retirement age, they often shift their portfolios to a more conservative tilt. When inflation is high, though, the returns for these types of conservative investments -- fixed income, bonds, and GICs -- are far below the rates of inflation.

One way that people can compensate for this is to stay a little more aggressive with their retirement portfolio than they normally might be. D. Paterson Cope says this could include owning stocks in real estate energy and banks, all of which typically do well during periods of inflation.

By having this increased exposure to well-performing stocks, investors can help to hedge against rising inflation.

Inflationary periods are also an optimal time for investors to re-examine the fees they're paying on all their investments. For example, conservative investments may be charging higher fees than the returns they're providing.

Rising inflation also brings up the question of whether people should put off receiving Social Security benefits if they can afford to do so. Unfortunately, the answer to that question isn't so simple.

D. Paterson Cope says each individual is in a unique financial situation. If they have enough liquid savings or income to put off receiving Social Security benefits, then doing so during inflationary periods could be wise. Not only will the installments be higher, but they'll be more impactful once prices go down again.

At the same time, if someone is relying on those Social Security benefits to pay for everyday expenses, putting it off could do more harm than good.

Most economic pundits believe that inflation isn't going down anytime soon. And while this may seem to spell doom for people approaching retirement age, there are plenty of moves people can take to improve their financial situation in even these most uncertain times.

About D. Paterson Cope

[D. Paterson Cope, CFP®](#) is the founder and CEO of Cope Private Wealth, a financial planning and wealth management firm specializing in assisting retirees and people who are about to retire. D. Paterson Cope has been providing financial advice for more than 30 years. He first earned the designation of Certified Financial Planner (CFP) in 1997. When he isn't working, he enjoys spending time with his wife, Jennifer Miree Cope, and the rest of his family in Mountain Brook.

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