

Surviving Inflation

The years since the “Great Recession” have been marked by low inflation, hovering around one percent. That’s over now, with the inflation rate for November 2021 having been posted at 6.8 percent. While some economists have been trying to spin this as being merely “temporary” inflation, most are now admitting that it is here to stay, with some saying that it will take at least a decade for inflation to settle back down.

Living with inflation is challenging. The price of everyday things goes up faster than we can keep up with, making it so that what money we have doesn’t seem to go as far. Wages never manage to keep up with inflation, so everyone but the genuinely wealthy ends up with less buying power and less disposable income. This hits the poor more than anyone, but considering that 54% of the US population lives paycheck to paycheck, including nearly 40% of those who make more than \$100,000 annually, this isn’t a problem that affects only the poor.

We aren’t in a financial collapse yet, but plenty of money gurus are out there predicting that it is coming soon. But that doesn’t matter right now. We’re going to see that dealing with inflation through the next few years is enough of a challenge we should be preparing for now.

While inflation isn’t as dramatic a survival scenario as many talk about, it seriously impacts our lives. In the highly materialistic, economy-based society we live in, having enough money becomes the deciding factor in our ability to live the lives we want to live. Losing our income or conversely having inflation make things too expensive for us to buy, means a loss of lifestyle. Allowed to go far enough, it can mean the loss of our homes as well. Just ask all the people who lost their homes in the 2008/2009 housing crisis.

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There's no telling at this point just how bad inflation is going to get, but according to one reliable source, if the government was measuring inflation the same way that they were back in 1985, the actual inflation rate would be 15%, not 6.8%. With that being the case, it's plenty bad enough and could become dangerous. We need to take action before that happens.

Restructure Your Budget

Budgeting is always the starting point in dealing with financial struggles. In reality, few families have an actual budget, just spending whatever comes in and then wondering how to get through until the next month. But as prices rise, anyone doing that will find it harder and harder to make it until that next paycheck comes.

Budgeting at least provides you with an idea of how much money you can expect to spend on each category of expenses. Since we know prices are going up, we need to set up our budgets, so there is some slack in the budget, where we aren't planning on spending as much as we are making. That way, when prices rise, we're ahead of the game.

I realize this is never fun and can, in fact, be quite stressful, causing fights between couples as they disagree on priorities. But it's still much easier to face it together before it becomes a crisis than to wait for inflation to get out of hand.

Get Rid of Unnecessary Expenses

As part of that budgeting process, one of the most important things we can do is cut out unnecessary expenses. This can be

difficult because different people define what expenses are necessary in other ways. That may be true between you and your spouse, causing a considerable amount of disagreement. Obviously, things like food, energy, housing, and water are essential; but many other things, ranging from how much we pay for cars to entertainment, are up for grabs. The best I can suggest is that you find a middle ground that you can both agree on, perhaps negotiating so that you each get some of what you want.

But more than that, it's essential to make sure that you're not paying for anything that you don't need. We all seem to get signed up for monthly subscription services that we don't use, whether a gym membership or something online. The companies that charge us like that get away with it because few of us bother to check our bank statements, looking for charges we can't identify.

Reduce Wasted Energy

One of the biggest and easiest ways to cut our monthly costs is cutting down on wasted energy. Changing out the light bulbs for LED ones doesn't seem like much energy savings, but it is something that is easy to do, making the question not "why" but "why not do it?" For years, the same has been said about turning off lights when not in use.

But the real savings isn't in light bulbs; it's in heating and cooling our homes. If you have air leaks in your home, and just about everyone does, you're paying to heat and cool the outdoors, something that's not gaining you a thing. The other big one to watch out for is your attic insulation.

Any home that's over 20 years old probably needs insulation added to the attic, as it has probably packed down some. Worse than that, though, is that the home probably didn't have enough installed in the first place.

Hot water can be another big energy waster, especially in homes where it is a fair distance from the hot water heater to the various points of use. Adding a hot water heater blanket will reduce how much energy is spent heating the water while adding insulation to the pipes (if possible) will keep that water hot as it travels to the sink.

Better than that is to install point-of-use hot water heaters if you can. The big problem with adding these to an existing home is that you usually have to add wiring. Even if there's wiring for garbage disposal, it's not heavy-duty enough for an under-sink heater.

Consider Buying a Car

This may sound like a strange idea, but now is a good time to buy a car, if you can find one at a good price. Of course, that assumes you were thinking of buying a car sometime in the next couple of years anyway. While car prices are up, interest rates haven't caught up yet. You can still get a car loan at a low rate if you have a halfway good credit rating.

Here's the thing, with inflation projected over the next several years, car prices are going to continue to rise. So if you buy a car now, even at the currently inflated prices, it will still be cheaper than buying one in three to five years. Not only that, but assuming that your paycheck goes up, the car payment will end up being a smaller percentage of your overall expenses, making it effectively cheaper for you.

Of course, this only works if you have the financial wherewithal to buy a car without putting a strain on your current finances. It makes no sense to buy a car if you can't afford it, regardless of the economic condition of the nation as a whole.

Put Your Savings to Work

If you have money in savings, inflation is effectively making you lose money. The interest rate you are being paid is less than the current inflation rate. While you need to keep some money in savings for emergencies, there's no sense in keeping it there as an investment. Better to spend it on something that you can use, like non-perishable food, which you're going to need anyway. Then the money you would otherwise spend on food in the future can go into savings.

This works especially well when taking advantage of sales. I've long advocated the practice of stocking up whenever you can find food and other household necessities on sale. Buying enough for the next year or two, as long as it won't go bad, is always a good investment.

Develop a Side Gig

With everything costing more, we're all going to feel like we need more money. But trying to talk an employer out of a raise is usually a lost cause. That limits our options to either getting a second job (or third job) or finding some other way of making money on the side. Fortunately, with the internet, that's easier than it ever was.

There are a wide variety of different ways that any of us can choose from to make money on the side. Perhaps one of the easiest to get started on is freelance work, doing whatever it is that you already do. There are websites online, which exist solely for connecting companies with freelancers. Most of those companies are small companies that don't need a full-time person doing that job, so they go for freelancers, contracting out the work they want done.

In addition to that, online platforms like eBay and Etsy make it easy to sell products online. Hobbies can easily be turned

into a side gig if you make something that people are willing to pay for. Whether that be clothes for premature babies or making end-grain cutting boards, there are people who are willing to buy those products. Turning a hobby into a side-gig is a time-honored way of increasing your income and one that could keep your family in the black, even while prices are going up.

Do it Yourself

One of the greatest, and I'll have to say most underutilized means of making money go farther, is to do things yourself. This applies to both doing repairs yourself and making things for yourself. Either way, you're essentially paying yourself to do the work in that you're not paying someone else to do it for you.

This Christmas season, I made a lot of Christmas gifts rather than buying them. There are other reasons for doing that than just saving money, but in the process, I saved over half of what I would have spent buying the same gifts. One piece of jewelry I made has about \$120 in materials and would sell for over \$300 dollars. Some end-grain cutting boards I made would sell for \$120 to \$150 each but cost me about \$60 apiece to make. But the best savings I got was in making baked goods. My wife has a list of 45 people that she likes to give small gifts. At \$20 each, that's \$900. But by baking cookies and fruitcakes, as well as making fudge, I was able to supply those 45 gifts for less than \$200.

I make a lot of things for our home as well. We wanted a free-standing towel rack for our guest bedroom, a wood one that would have cost \$280 to buy. Since I do woodworking, I made a better one for about \$50 in materials. I'm starting a walnut sofa table which will account for even better savings.

By and large, I save more in doing repairs for myself than I do in making things. Working on my own car, doing home

repairs, and even remodeling jobs saved me a fortune, allowing my wife and me to live above what our income would normally indicate that we can.

Push for Self-Sufficiency

Finally, the current economic situation accentuates the need for self-sufficiency, something that many of us have already been working hard at attaining. Being able to grow our own food, along with all the other things we preppers are working on to become self-sufficient, is going to help us through the current financial difficulties. Maybe this isn't the sort of thing we all had in mind when we started those projects, but it's still going to make life easier.

If you're not currently working on becoming self-sufficient, then I'd recommend starting now. The more food you grow, the less you have to buy. But you can use self-sufficiency to help your family in other ways, like lowering your energy costs and making sure that you have an uninterrupted supply of water. While I don't expect the power to go out or the water to stop flowing because of inflation, inflation doesn't make us immune to other problems.

Don't forget the freeze that happened last February. There are many families in Texas who are still paying enormous energy bills because they were on a flexible rate, which fluctuated with the wholesale cost of electricity. When the wholesale rate skyrocketed to \$9 per KWh, their electric bills skyrocketed too. Had those families been self-sufficient in their energy needs, or even partially self-sufficient, they wouldn't have been saddled with ridiculously high bills.



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