Do You Need to Change Your Lifestyle?

The short answer is no, but only if you have a plan that accounts for it.

Inflation does not announce itself. It does not send a bill. It simply makes everything cost a little more, year after year, until one day you realize your money is not going as far as it used to. For families who have spent decades building wealth, that quiet shift is worth paying attention to, not because it should alarm you, but because understanding it puts you in control.

Here is where things stand right now. According to the U.S. Bureau of Labor Statistics, the Consumer Price Index rose 3.3 percent over the 12 months ending March 2026, following a 2.7 percent increase through the end of 2025. Those numbers may feel modest. But inflation compounds. And compounding works both ways.

This is where the real return conversation matters.
Your nominal return is the number on your statement. Your real return is what remains after inflation takes its share.

If your portfolio grows 5 percent in a year where inflation runs at 3.3 percent, your real return is closer to 1.7 percent. Over a 20 or 30-year retirement, that distinction is not a footnote. It is the difference between a plan that holds and one that quietly falls short.

At a steady 3 percent annual inflation rate, $50,000 in annual income today would require roughly $90,000 in 20 years to maintain the same lifestyle. That is not a reason to panic. It is a reason to plan. U.S. Bureau of Labor Statistics
Healthcare adds another layer. Major expenses like healthcare, housing, and insurance tend to rise faster than overall inflation, meaning the headline Consumer Price Index (CPI) number often understates what families actually experience day to day.

Medicare Part B premiums are projected to rise to $206.50 per month in 2026, an increase that could consume roughly 40 percent of the average retiree's cost-of-living adjustment. For families who have not stress-tested their income plan against these realities, the gap can be surprising.

So do you need to change your lifestyle? Most of our clients do not. What they do need is a plan that is working as hard as they did to build it. Here are five things worth doing right now.

Know your real return. Ask your advisor to show you your portfolio performance net of inflation, not just nominal growth. That number tells you whether your wealth is actually growing or simply keeping pace.
Stress-test your income plan. Run your current withdrawal strategy against a 3 percent inflation assumption, not just 2 percent. A small change in that assumption can have a significant impact over a 25 or 30-year retirement.

Look at where inflation hits hardest for you. Healthcare, housing, and travel tend to rise faster than the overall CPI. If those are priorities in your lifestyle, make sure your plan reflects your actual spending, not a generic average.

Review your plan annually. Inflation does not move in a straight line, and neither does life. Regular reviews keep your plan aligned with both the economic environment and your personal goals.

Think beyond your lifetime. Inflation does not stop when you do. If leaving a meaningful legacy for your children or grandchildren is part of your plan, factor in how inflation will affect the real value of what you pass on. A dollar transferred 20 years from now is worth less than a dollar today. Building your legacy strategy around that reality ensures the values and wealth you have built arrive intact.

At Clarity Wealth, we believe an organized financial life is a confident one. When your income needs, your investment strategy, your tax picture, and your legacy goals are all working together, inflation becomes something you plan around, not something you react to.

Your lifestyle is worth protecting. Let's make sure your plan is doing exactly that.

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