

# E56 How Rising Inflation Affects Your Money

## Scott MacKnight

Tue, Apr 18, 2023 12:44PM 31:13

### SUMMARY KEYWORDS

inflation, talking, rates, affects, credit union, years, money, scott, triangle, tcu, deposit, paying, budget, spending, products, mentioned, effects, bo derek, loans, podcast

### SPEAKERS

Liz, Scott, Terri, Introduction, AD

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- L** Liz 00:00

Inflation is a popular word these days, leaving many of us feeling confused or concerned about the future of our money. The truth is that inflation has a variety of effects on our finances, some you may have expected and others you may not have. In this episode, we're chatting with Triangle Credit Union CEO, Scott MacKnight, about what inflation is, and how we can make appropriate financial decisions to counteract its effects. Stay tuned.
- I** Introduction 00:28

You're listening to Triangle's Making Money Personal podcast, where we engage in real talk about financial matters that affect our community. Today's episode is sponsored by Triangle Credit Union recently voted best credit union in New Hampshire.
- L** Liz 00:44

Welcome, Scott, thank you for joining me and Terri, again, on another episode of The Making Money Personal podcast.
- S** Scott 00:49

Well, thank you for having me. I'm excited about talking about this subject.
- L** Liz 00:53

Awesome. Well, there's a lot of chatter in the news about inflation, and it's commonly discussed and monitored in the financial sector. So we just want to get your thoughts on give you a

chance to explain a little bit about what inflation is and how it affects our economy.

S

Scott 01:07

Sure, well, it definitely affects our economy in many different ways. Talking about inflation, I think, is there are some basics that we should probably start off with. And the first thing is, is we have usually, the feds will go ahead and they'll talk about well, inflation is nine 9.1%, or 6.5%, or lower, whatever the case is, and they're giving out one number, and digging a little bit deeper into that is each part of the country has different, different percentages. And that's important, because the Northeast might be different than the Southeast, or the Midwest, or the West. And so that's important to where you go down to probably North Carolina, the gas is, the price of gas is lower than maybe in California, or up here in New England. And so that's an important aspect to really look at is when you're seeing 6%, well, that might not be 100% in our area. Also taking that 6% What makes up that 6%. And, you know, when we look at the breakdown of what makes it up, it's interesting, I went back to a graph that I'm actually looking at right now, back in December. And it was interesting, because when you look at for food, for example, they have certain things, items that they put in the basket, so to speak, to look at, you know, the cost, and then they also have energy and they have all these different breakdowns. In some cases, you know, you might have eggs, for example, back in December, you know, a year, a year back, it was almost 60% increase. But then again, how many people are buying, you know, \$200 worth of eggs, hey, you know, when you go to the market? But when you go to the gas at, to a gas station and fill it up? Well, that's when you're really going to feel it, you know, or, you know, when you when you go in food shopping for items like lettuce and you know, produce that's gone up quite a bit. Meat, we know that as well. So it really depends, the inflation can depend, the effects of the inflation can really affect on your buying habits or your spending habits. And I think that's important to look at, to really understand what inflation is. So the good thing is inflation is going down. We know that the Fed continues to raise the the rates and in hopes of getting it down. Their target is 2%. But today, March 22, Chairman Powell just went ahead, and I think a lot of people were anticipating a possible increase a 50 basis points. But due to the current environment with the banking, I believe he reduced it down to 25 basis points, because we want to see what happens. And, you know, so again, you know, that target of the 2% that that might take several years. But we are seeing certain items going down and electricity is one that I know in Massachusetts, I'm not 100% sure in New Hampshire, but Massachusetts, they've already committed that the rates will be going down. And so again, there's the government that's looking at certain areas. But now the markets themselves are starting to straighten out as well. So that's a very broad aspect of inflation and how it affects us. I know that, you know, when my wife and I go grocery shopping, there's things that we used to get that we no longer get. Just to stay within budget.

T

Terri 04:56

Yeah. So is inflation always a bad sign Scott, or is it the percentage of inflation that becomes worrisome?

S

Scott 05:04

Yeah, you hit it right on, it's the percent. You know, if we see that, you know that GDP is arowina. waades are arowina. sav. for example. I'm aoina to make numbers easv. And. you

know, wages are growing, say 4%, 3%, 4%. But we have inflation at 2%. It's still people are still earning more, and they're ahead of, you know, the prices of all the products that are out there. So, in that case, yes, but when we go back, and if it's, you know, 7, 8, 9 percent, 6% now, or over 6%, you know, that definitely is, you know, has a negative effect on most people.

L

Liz 05:53

Yeah, what do you feel is most responsible for the increase of an inflation rate? What causes it to go up over the course of a year or so?

S

Scott 06:02

Well, yeah, it can be multiple things. You know, it really depends. When we go back is, the pandemic, there was supply and demand. And so therefore, we weren't getting a lot of the products that we wanted. So therefore, there was a lot of demand, but the products weren't there. So, you know, the, they were raising prices on it, because it was, you know, that's, that was it was just a commodity, you know. So that's one example. Could be, again, going with supply could be shortages of like energy, I'm going beyond just the US. But I mean, you know, there's been a lot of discussion on that. So those are probably the items. It could also be if we look at it is, is if there's one particular area, that there's a lot of grains or other products that are being produced and they have a drought, well, then again, that will affect it as well. So there's a lot of different things. When we go away from the the agricultural and we go into some of the products. We know that with the the availability of the automobiles, you know, there was a lack of chips. And because they couldn't put chips in the car, it just drove up the price as well. Now that has gone down considerably. And so it's in a better place. But again, that's that's one example. Or actually multiple examples.

T

Terri 07:31

Yeah. So and Scott too I do think that you nailed it. I mean, I'm not an economist, by any means. But the you know, the global economy is becoming, you know, people have talked about that for years. And I feel it really feels like that we're seeing the effects of a global economy now. Right. I mean, without actually coming out and saying that.

S

Scott 07:50

Well, I think most of my information I, I really enjoy, and listen to Bloomberg is where I get a lot of my, you know, my information and, you know, when you listen to, you know, how the different countries are just related to, you know, are definitely affected by each other's economy. It's becoming more and more. I mean, we see that with, you know, China slowed down, and because China slowed down products weren't being done. That was because of the pandemic. But again, you know, that had an effect, to there wasn't a lot of supply. You know, and so yeah, you're absolutely right. We're becoming more, I believe, a global economy.



Liz 08:20



LIZ 08:39

And that's why the supply chains got so interrupted.



Terri 08:41

Yeah.



Liz 08:42

Because there was so many moving pieces that all it took was, you know, a couple of pauses here and there and things just kind of, you know, struggled a bit.



Scott 08:50

I think what's nice is, there are certain areas that I think that the, whether it was the government, in many cases, it's the private industry, they recognize what they needed to bring back home, you know, and do some manufacturing back in our country. And I think that's definitely a huge benefit, whether it's the chips or some of the other manufacturing that is done that helps out with our, with our jobs. And so it's good to, to, you know, spot those areas and weaknesses and to be able to turn things around and it definitely benefits our country.



Liz 09:36

Yeah. So being the head of a credit union at this time CEO and President, how does inflation affect our interest rates or even just the banking industry in general?



Scott 09:46

We're very, our rates are very closely tied to what the Fed does, and so we know that the Federal Reserve has increased the rate now over the last year plus, and it's really brought it, it has brought the interest rate a lot higher for mortgages. Mortgages were much lower. In some cases, not just here at the credit union, but also banks as well, people have adjustable rates. And so you go ahead and you get a rate and it might be tied a lot of our are five years, or 5/5s and meaning, 5/5 meaning that they're good for five, the rate is good for five years, and then it will reprice for another five years. Everybody has different products. And so, you know, that can be challenging, you know, when the rates go up so much. And it really affects a household's budget. So that that's one of the factors or if you need to buy a new car, and the rates are, you know, 3% or 4% more, that means, in some cases, that you're going to have to buy less of a car, that you normally would just because you have your budget. And I think we all I know, in my household, my wife and I, we have a budget, and we continue to try to stick closely to it. And you know, the last couple of ones, when we went food shopping because of the produce, we went way over.



Terri 09:50

Terri 09:30  
It's those eggs. Don't buy any more eggs.

S Scott 11:38  
But it's, ya know, it really, it affects it affects people, and one of the things no one has really talked about is student loans. Because no one has had to pay the student loans from the federal government. I believe it's August that they're going to look at that and when people have started having to pay, that's another expense. Again, when we look at our budget, and you know, our household budgets, that's going to be another thing that's going to be very difficult. And we also have like taxes if you're if you're a homeowner, that's going up, but we also we haven't even really mentioned it, but rents are going up. But the rents are going up not because the you know the the landlords think that this is a way to make extra money it's just because their expenses are so much more.

T Terri 12:34  
Exactly

S Scott 12:35  
So it's not as if you know, they want to do that. They just have to cover their own costs.

L Liz 12:41  
Because their rates if they have a an adjustable or something on their property, their rate is gonna go up if their insurances or any of their payments, taxes go up they've gotta pass that on. Are student loans tied to the Fed rate like mortgages are or is it different?

S Scott 12:57  
It's different. Yeah. And they have their own pricing. And it's typically lower. You know, that typically, I know, my youngest son, we had, you know, a loan, and it was definitely cheaper. And, you know, it was very helpful to be able to put them through college.

T Terri 13:18  
Good. You want to take a break? Yeah, I think now is probably the perfect time to take a break. So we'll hear from our sponsor, and be back in just a few seconds.

L Liz 13:25  
Sounds good.

A

AD 13:27

Do you study paper checks to deposit but don't want to wait in long lines at the bank. Stay home and deposit your check using remote check deposit. Log into the Triangle mobile app or your online banking to get started. It makes depositing a check as easy as following the endorsement instructions and taking a couple of photos. With a few final taps of your finger or clicks of your mouse your check will be on its way to your account. Don't stress over the hassle of running to the bank for a single deposit. Save fuel and the time by using remote check deposit through the Triangle mobile app. Register now and try it out. Visit [trianglecu.org](http://trianglecu.org) for details.

T

Terri 14:07

Okay, well welcome back. We're talking with Scott MacKnight. He is our CEO and President of Triangle Credit Union and we're talking about inflation and the impact of inflation. And actually now Scott we want to take it a little bit closer to home in terms of, so Scott, what are some ways Triangle Credit Union helps people struggling to cope with the effects of inflation like rising prices?

S

Scott 14:29

There's been a huge effort over the last two years. Education is huge. We have a website TCU University, and there is a wealth of information not only on how to budget, but it's also if you're looking at buying a home, all the different stages of buying a home. They also have articles looking at retirement, planning for retirement So there's a whole wide range of material out there. It could be podcasts, it could be YouTube, it could be regular documents. So what we're really trying to do over the last more than just two years, but probably the last five years is really educate, financially educate our members, and, and even going beyond that as a community, so that you have a good understanding of what budgeting is. You know, that, you know, if you are paying a lot, you know, if you're paying high interest rates, well try to pay it down. You know, even though we're a financial institution, and we do lending, but we also have deposits, and we look at that, and we do services. So it's not always about, you know, lending to people. It's also, if you have loans, what can we do to make sure that, you know, our members, our community is getting a bigger piece of, you know, their equity in life, being able to, you know, if their dream is to get a home, or get a car, a new car, or create a business. You know, it's that level of education, knowing what you're gonna get into, and I know, with the business area, oftentimes, and this might be going a little off of what your question was, is our, you know, our commercial loan officers, they oftentimes will assist somebody with, you know, their plan, their strategic plan. And, and I think that's important to be able to do that. So education is really, really important. And you no, I say TCU University, and I'm always trying to push that. But also, if you if people come in to the branches our FSRs, or financial service reps, they understand the products and they can also assist you as well and give you great advice on that. And then we also have Triangle Financial Group, which is a brokerage, kind of our brokerage wing that enables us to assist your retirement needs or going into insurance, if you need insurances, whether it's life insurance, or if you wanted to start saving money, you know, for your grandchildren and a 529 plan. And so, again, it's education, providing the service so that when you're ready, we'll be there to help you.

**T** Terri 17:42

Right. And I have heard you talk, Scott, several times, I feel like that that part of your vision for our membership is financial wellness for all right, so I know that Triangle Financial Group does play a huge part in that. And as you mentioned, we do have, there is a website, which we'll probably have in the show notes and everything right. The person who spearheads that effort is Brian Luce, and he has been on our show several times. So we do have a lot of online resources from Brian, and from that group. And you know, I don't want to put words in your mouth, but we also just reduced a couple of fees, right? So that's something that we always are looking at, right?

**S** Scott 18:23

Yeah, yeah. What the executive team has done with the with all the employees is, we've been able to look at okay, what can we do to help? And we discovered there were several fees that we did eliminate altogether. And we'll continue to look at what makes sense, a lot of what we also are doing is trying to put more automation in there.

**T** Terri 18:47

Yes.

**S** Scott 18:48

And so that people who like technology, and it's not convenient for them to come down during our hours of operation, that they can go ahead and they can serve themselves. And so that's a big focus. 2023's thematic goal for us is strategic efficiencies. And a lot of that is making sure that our members can process loans when they don't have to come in, or, if they need a new debit card, they can do it online. We're looking at all these different avenues again, trying to make things easier for everyone.

**T** Terri 19:26

Right. And too, I've also heard you talk about a member survey that we did at the end of last year, and how many of the initiatives for 2023 are as a result of the survey.

**S** Scott 19:39

Yeah. No, it was a little humbling. To start off with. We had 1000 people respond, which was wonderful. And thank you, if you did respond, and if you didn't, next time, we do this year, yearly please respond. We do go through the executive team does go through each comment, we do take it to heart. And we definitely heard some great success stories. We heard a lot of frustration on, you know, a couple of items, and we're doing what we can to resolve that. And

so, it was great information. We're here to serve our members, we're stewards, it doesn't matter what is at the end of your name, whatever role you play, we're all stewards. And that is what we know we're here to serve the community and our membership as well.

**T** Terri 20:38  
Awesome.

**L** Liz 20:39  
Fantastic. So you mentioned tools we provide, you mentioned our education platforms, our university TCU University and, you know, the some of the things that we incorporate for education purposes. But going back to, like budgeting and plans, you kind of touched on this a little bit, but we kind of want to leave the listeners with maybe three action items that they can do, to kind of minimize the effects of maybe rising prices or things they're struggling with.

**S** Scott 21:07  
I think the first thing is if you have loans, understand what your paying. What is your interest rate? If you're paying high interest rates, see if you can come to us, and see if you can get a lower rate. That's important. Refinancing cars, automobiles, also, mortgages, whatever the case is, you know, look for that. I think that's one. Two, I think that, you know, trying to minimize the effect of inflation is, what are you spending your money on? You know, if you don't, I have a son, I have three sons and each one is very different. And one watches what he is paying for himself or spending money on for him and, and my grandchildren. I have another son that doesn't have any children just spends a lot and and if I were to ask my youngest one saying, "Okay, what are you spending your money on?" Well, probably he'd say, I don't know. And so it's awareness of what you're spending your money on. Are you going out a lot, you know, and if you like to go out to eat a lot, maybe it's you should select places that are a little bit more inexpensive. So I think that or maybe even not going out as much or and I've said this earlier, is with my wife and I looking at the food, we we have shifted what we usually get, would purchase for meats, we shifted that to something that makes a little bit more sense, that fits in the budget. And so that is probably the awareness of what you're spending your money on, I think is also really critical. And the credit union also has tools to be able to help you monitor that. It's pretty easy and it's on the mobile app, and also on the desktop, whichever one you use.

**L** Liz 21:16  
I was actually just going to mention that to the TCU card management or not the card management, the money management platform. I actually just started using that not too long ago, and it's phenomenal. You can set up your goals you can set up like your debt payoff plans, it shows your your net worth, if you link institutions, it's really cool. For anyone who's listening, you should really give it a shot. It helps with budgeting. So yeah, I was gonna mention that because it's, it's really helpful. It helps you see all the categories that you spend your money on



and where you can adjust. So, yeah. Okay, so we've got readjust your rates, and practice budgeting, paying attention to your spending, be aware of what you're spending your money on.

**S** Scott 24:02

You know, I think those are the main points. You know, is just that awareness. And in finances isn't for everybody. I know that some people like one of my one of my sons is he doesn't like to look at the finances at all and, you know, he just pays and lives from paycheck to paycheck and, that's tough. But he's getting better. You know, and I think again, it goes back to the awareness. You know, one of the things we do hear from the Federal Reserve is more people are struggling with living from paycheck to paycheck. And again, it's that awareness of, you know, where the money is going out. What can you do to change it? Some habits that you can do. Change really helps out.

**T** Terri 24:52

Yeah, it's so funny, Scott, because just over the the weekend, we had some friends over for dinner and Bill, my husband started on this conversation about habits for like millionaire, like, you know, the I don't know if he was reading a book or he heard a podcast or something like that. But these are habits that people typically engage in if they want to become a millionaire. And interestingly, making your bed was one. So I have been making my bed religiously now for the past three years hoping that I get millionaire status. But it really it comes down into my opinion, in my opinion, it really comes down to paying attention, right? People who pay attention to where their money goes, you know, these are people who are on a budget. These are people who are paying attention to the rates that they get on their credit card, and what debts they're paying off first, right? I mean, there's there's a lot that you can do. And actually, you know, just to give ourselves a little plug here, we have a webinar coming up soon, that's going to be on our YouTube channel, right. It's Financial Freedom: A Path to Debt Free Living. And so that's going to be out there for anybody who's interested in getting out of debt. And you had mentioned that earlier sky. And I do think that as a financial institution, for us to be pushing that really talks about the holistic approach that we're taking and for our membership, right.

**S** Scott 26:17

Yeah, and I, you know, just to, you know, piggyback off of that is, you know, discipline. I think is tough. And, you know, for me, I don't want to discipline myself or my family on what we're spending so much that my life is miserable. You know, there's times in which I like to go to a certain restaurant, and I know, it's a little bit pricey, but I, you know, that might be the the only restaurant we go out to for a couple of weeks, you know, instead of multiple times, and, it makes it more special, but it's the discipline for me is being able to do that and communicate with my wife. And, you know, oftentimes she overrides me and says no, this is what we're doing. She doesn't even say it's a nice thought. She says this is what we're going to do.

**T** Terri 27:09

There's no input. She's not looking for your input.

S Scott 27:13

She tries to find the mute button for me.

T Terri 27:15

Or if she is looking for your input. It's a leading question like, Scott, don't you think this is a good idea if? I love it. I love it. All right. Okay, we're ready to do rapid fire? Let's roll under. Okay. All right. So in full disclosure, we were talking to Scott a little bit earlier, we were explaining what rapid fire is when I did promise him that we would go over it again. So what we're going to do, Scott or what I'm going to do is I'm going to ask you a series of questions, and it's going to be this or that, right. So you don't have to have there's no explanation. You just tell me your answer. Okay.

L Liz 27:52

Don't look so scared Scott.

T Terri 27:54

Scott's like what the heck did I get myself into?

S Scott 27:56

I didn't see these questions beforehand, that's what I'm worried about.

T Terri 28:00

All right. Miami or Maui?

S Scott 28:03

Miami.

T Terri 28:05

Tea or coffee?

S Scott 28:06  
Both.

T Terri 28:07  
Oh, okay. ESPN or History Channel?

S Scott 28:11  
History Channel.

T Terri 28:12  
Beach or the mountains?

S Scott 28:14  
Mountains.

T Terri 28:15  
Martini or Margarita?

S Scott 28:18  
Neither.

T Terri 28:18  
Oh. Okay. Here's one though. It's a throwback, Dallas or Dynasty?

S Scott 28:25  
Dynasty.

T Terri 28:25  
Okay. Every time I've asked that question in the past Liz is like, I don't know what you're talking about.

L Liz 28:32  
I know what Dallas is.

S Scott 28:36  
Was it Linda Anderson?

T Terri 28:37  
No, it was, uh, oh, no, I know who you're talking about.

S Scott 28:41  
Linda somebody wasn't it?

T Terri 28:43  
It was Bo Derek's. It was John Derek's first wife. That's all I remember. Okay. And Bo, Derek because Bo Derek was his second wife. Linda Evans.

S Scott 28:54  
Linda Evans

T Terri 28:54  
Linda Evans. Yeah,

S Scott 28:56  
She was on Big Valley.

T Terri 28:58  
Yes, she was. Yep. Yep.

S Scott 29:00  
.....

As you can tell I'm old.

**T** Terri 29:04  
He no doubt has an AOL account.

**S** Scott 29:08  
No I don't. I do have a Gmail.

**L** Liz 29:10  
He's upgraded from that one.

**T** Terri 29:13  
Oak Okay, um, steak or seafood?

**S** Scott 29:16  
Steak.

**T** Terri 29:17  
Reading or movies?

**S** Scott 29:19  
Movies.

**T** Terri 29:20  
Staycation or vacation?

**S** Scott 29:22  
Vacation.

**T** Terri 29:24

— Pizza or tacos?

S Scott 29:26  
Tacos.

T Terri 29:27  
Sneakers or sandals?

S Scott 29:29  
Sneakers. I'm up in the mountains.

L Liz 29:36  
Right, no one hikes in sandals.

T Terri 29:38  
That's right. Yes. Our CEO is a huge hiker. That is for sure.

S Scott 29:42  
The White Mountains are awesome.

T Terri 29:44  
Yes they are.

L Liz 29:44  
How many times have you done Washington now?

S Scott 29:48  
A couple. Yeah. No, Washington is beautiful. And, yeah, I've been up and down the Appalachian Trail. New Hampshire, Maine, Vermont, Massachusetts and New York, a little bit in New York. So really pretty and hoping to get out to Idaho and hike some of those with one of my sons. So he's tearing it up out there.

**T** Terri 30:15  
That's awesome. That is awesome.

**L** Liz 30:17  
Sounds like fun. Well, that's gonna wrap up our podcast episode this time around. Thank you so much for joining us, Scott and chatting about all these. Yeah, thank you so much for joining us once again. Right this is your second time on our show?

**T** Terri 30:30  
Actually, I think he's been on here before.

**L** Liz 30:32  
A couple times prior.

**S** Scott 30:34  
Yeah. It's a lot of fun.

**L** Liz 30:36  
It's great to have you back.

**S** Scott 30:37  
Thank you.

**T** Terri 30:38  
All right, take care. That wraps up this episode of The Making Money Personal podcast. If you've enjoyed today's show, we would love to hear from you. Email your thoughts about this show or any other ideas at [tcupodcast@trianglecu.org](mailto:tcupodcast@trianglecu.org). Thank you to all of our subscribers and if you haven't yet, please hit that subscribe button wherever you listen to podcasts so you don't miss out on any new episodes or money tips. Thank you for listening and have a great day.