

OPPORTUNITIES WITH CHANGING INTEREST RATES

A SECOND OPTION OR "TIP"

Strategies for Business #2

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Inflation is up, but bank deposit rates and CD rates have declined since September 2024. Why? The Federal Reserve has reduced the Fed Funds rate 6 times to the current target near 3.5%.

A good option is with TIPS--Treasury Inflation Protected Securities. But do not invest in just any TIP. The right TIP depends a several factors. The right TIP will lock-in a return above inflation and provide needed diversification benefits. The "real yield" for TIPS remain at their highest level over the past 10 years.

And if inflation averages 3.0% annually going forward, the total return for a TIP may be near 5.0% based on present prices. Rates AND inflation change.....so do opportunities.



Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.

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