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# So, now what?

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This month I want to cover something a little different than usual. While I normally like to focus on tried and true ideas and principles of helping you enjoy your retirement with confidence, I just can't ignore what's going on right now.

I'm referring to this month's end of QE2. I'm sure you've heard the term before – but do you know what it means? QE stands for quantitative easing, and the 2 means that we are in the midst of the second round of recent QE. The reason this is so timely is that QE2 ends on June 30th. The question on everyone's minds is "Will there be a QE3?"

First, let's look at what QE really is. My friends at Wikipedia actually offer a pretty good, simple definition: "The central bank creates money by buying government bonds in order to increase the money supply." Wikipedia also goes on to say that this is one of two ways our gov-

ernment can try to expand our economy. The other option is to lower interest rates.

Oops. Well, it's clear why our government can't do that! If there were originally two bullets in the gun that one has already been shot! Interest rates are already at historically low levels. That's great news if you're shopping for a mortgage. But it can be devastating if you're retired and trying to live off of the interest on your nest egg.

So our government has resorted to this idea of "creating money." If you've ever had a basic lesson on economics, the risk here is inflation. Our government says that there is little to no inflation. In fact, there has actually been NO cost of living increase to Social Security benefits...for two years running!

Now, I'm not a professional economist. But I know things are getting more expensive! I would argue that the only way a retiree's expenses haven't gone up is if

they don't spend any money on gas or food. The government will have to explain that one to me!

In my opinion, the primary result of our government's use of quantitative easing is creating an enormous debt for us to deal with. My fear (along with many of my clients) is that our government will follow right along with some version of QE3. While I hope that doesn't happen, the bottom line is you need to be prepared either way. Don't let our government's attempts to manipulate the economy harm you and your finances.

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