

## Brad Brain: Life in 1985

Brad Brain / Alaska Highway News

JUNE 2, 2020 08:58 AM



Prices from when Brad graduated in 1985.

Many years ago, a friend won a bursary when we graduated from high school. Recently she came across the newspaper that contained the bursary announcements. With a bit of nostalgia, she shared the newspaper page on Facebook.



Our classmates chimed in with, "Wow, has it really been that long?", and "I remember that!", and "Those sure were the good old days."

It was 1985. We were 17 and 18 years old, with the whole world in front of us. The radio was playing Wake Me Up Before You Go-Go by Wham! and Everybody Wants to Rule the World by Tears for Fears.

We weren't thinking about the future. Or, if we were, then "the future" only meant the next few years. Not the next few decades.

I took a second look at that old newspaper with the bursary announcement. I had won a small bursary myself, and I was looking for my name. But then I found something even more interesting.

An advertisement for groceries.

Right beside the bursary announcements there was an ad from a local store showing what was on sale that week. The ad itself was unremarkable, no different from any other.

The interesting part was the time-capsule look at what people paid for everyday items in 1985. Regular, everyday items like dog food, paper towel, and orange juice. There were 10 different products featured, and if you bought one of each it would have cost you \$25.80 in 1985.

Looking back at what people paid for everyday items in 1985 is more than just idle curiosity. It's a window into your future.

It has been 35 years since I graduated from high school. That's about the length of a decent retirement.

We hunted down the current prices of these same grocery items. And we had some pretty good success. The majority of the products in the 1985 advertisement were things like laundry detergent and margarine, and the same products from the same companies are still offered for sale today. In a couple of instances we didn't find the exact product, but we were able to price out a near-identical substitute.

Perhaps not the exact brand of orange juice from 1985, but still orange juice.

So what does this same basket of goods – the types of things that you would buy for everyday living – cost in 2019? The answer is \$77.28.

Think about that. You need 300% more money in order to buy the same things.

That, my friends, is inflation. And it's the silent killer of purchasing power.

Here is the implication for retirement income planning: You are going to need inflation protection. For most people, that means that they are going to get some level of growth from their investments, even during their retirement. Being on a fixed income in a rising cost world is not going to end well.

You know, in my head, I still think of myself as that young guy that just graduated from high school. But the calendar shows no mercy. You can't just think about the next few years and ignore all the years after that.

Not when you are looking at the potential for a 300% increase in the cost of living during the span of your retirement. Never mind getting ahead, your investment portfolio needs to keep up with inflation just to maintain your purchasing power and keep you from falling behind.

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