

# ASK THE ADVISERS

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.



## Singer Wealth

Keith Singer, JD CFP™

### Keith Singer

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#### 2 Locations:

1515 S. Federal Highway, #211,  
Boca Raton, FL 33432

20900 NE 30th Avenue,  
Suite 600, Aventura, FL 33180

**Phone:** 561-998-9985

**Website:** [www.singerwealth.com](http://www.singerwealth.com)

**Email:** [Keith@singerwealth.com](mailto:Keith@singerwealth.com)

## Inflation's Silver Lining

I know you may be bummed by the fact that your 60/40 cookie cutter stock/bond portfolio has lost 12-20% of its value this year. Moreover, your buying power has been substantially eroded by historically high inflation and the Federal Reserve is intentionally trying to slow the economy to curb inflation. Don't despair, I'm not the Pout-Pout Fish trying to spread the dreary wearies all over the place. There is some good news.

Your home likely appreciated substantially over the last year although that doesn't necessarily help you keep up with inflation. If you are one of the 70 million people who are receiving social security retirement income, you will get an 8.7% raise starting in 2023. That is nothing to sneeze at. As I have stated in previous columns, social security's annual cost of living increase makes it one of the best inflation hedges and retirees should think twice before taking early benefits.

Another side benefit of inflation is an increase in the standard deduction. Married taxpayers were entitled to

a standard deduction of \$25,900 in 2022—that number is expected to jump to \$27,700 in 2023. Single and married individuals filing separately will see the standard deduction rise to \$13,850 from \$12,950 in 2022. Because of inflation, tax brackets are going up. For couples filing jointly, in 2022 the 12% bracket ended at \$83,550 and jumped to 22% after that. For 2023 the 12% tax bracket will go to \$89,450.

This could also present some attractive Roth IRA conversion opportunities. For the high-income earners in 2022 the top tax bracket for married filing jointly jumped from 35% to 37% after \$647,850 of income. For 2023, the top tax bracket will start at \$693,750. Taxpayers at all levels will be paying less income taxes on the same income as last year but hopefully your income has increased with inflation. On the flipside, the social security wage base is going from \$147,000 in 2022 to \$160,200 in 2023 which will increase social security taxes for employees who make over \$147,000.

Source: [taxfoundation.org](http://taxfoundation.org)