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NEXT INVESTOR MAGAZINE

CURRENT FINANCIAL MATTERS

Interest Rates, Inflation, and More

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INTEREST RATES ARE SHFITING

By Gaargi Bora

As the economy adjusts after several years of higher borrowing costs, many experts believe interest rates may begin to fall over the next year. That shift could have a powerful impact on young people who are just beginning to think about money, independence, and future goals.

To understand why this matters, it helps to start with what an interest rate actually is. An interest rate is the price of using money. When you borrow money, interest is what you pay on top of what you borrowed. When you save or invest, interest is what you earn for allowing a bank or company to use your money. When rates are high, borrowing becomes expensive but savings grow faster. When rates are low, borrowing becomes cheaper, but savings accounts grow more slowly.

If interest rates do fall, borrowing will likely become more affordable. This matters greatly for student loans and car loans, two major expenses many teens will face in the next few years. Lower interest rates mean smaller monthly payments and less total interest paid over the life of a loan. For someone paying off student debt over ten or twenty years, even a small drop in interest can save thousands of dollars.

Credit cards are another area affected by interest rates, although they remain risky even when rates fall. Credit cards usually charge very high interest compared to other loans. A lower national interest rate may slightly reduce those costs, but credit card debt will still grow quickly if balances are not paid off. Learning to avoid carrying credit card debt is one of the most powerful financial habits one can develop.

On the flip side, falling interest rates often mean that savings accounts no longer pay as much for storing your money. When rates are high, a savings account might earn a noticeable return.

When rates fall, that return becomes smaller. This does not mean saving is pointless. Emergency funds and short-term savings remain essential. However, it does mean that simply parking money in a bank account is not the most effective way to grow wealth over the long term.

Even if you are not planning on taking out loans anytime soon, interest rates still shape your future. The financial habits you form as a teenager tend to follow you into adulthood. Understanding how borrowing works before you ever sign a loan agreement can protect you from overwhelming debt. Learning the difference between letting money sit still and putting it to work helps you think more strategically about your future.

There is also a psychological side to lower interest rates that matters. When borrowing becomes easier, people are often more tempted to spend money they do not actually have. This can lead to cycles of debt that are difficult to escape. Recognizing this pattern early gives you a major advantage. Cheap money is not free money, and every borrowed dollar must eventually be repaid.

Interest rates may rise and fall many times during your life. What truly matters is whether you understand how to respond when they do.

THE 3 BEST DIVIDEND STOCKS RIGHT NOW

BY NICHOLAS SCHEID

THE STOCK MARKET IS UNPREDICTABLE, BUT DIVIDENDS GIVE INVESTORS STEADY INCOME NO MATTER HOW STOCKS SWING. THE FOLLOWING COMPANIES STAND OUT FOR THEIR STRONG HISTORY OF CONSISTENT INCREASES.

Coca-Cola (KO)
Coca-Cola is one of the most recognized brands on Earth, with products that range from soda to bottled water. The company has raised its dividend for over 60 years. Today, it pays just under 3%. While Coke has faced health pushback, Coke has adapted with zero-sugar and hydration brands, keeping it stable for the long run.

Realty Income (O)
Realty Income is a real estate trust that rents out properties to everyday businesses like 7-Eleven, Lowe's, and Chipotle. It has paid dividends every single month for more than five decades. Its yield sits around 5.6%, which is high compared to most stocks. Interest rates have held the stock price down lately, but its business model of having long-term leases with steady tenants is what makes it reliable.

Johnson & Johnson (JNJ)
Johnson & Johnson has also raised its dividend for over 60 years. The company earns money from pharmaceuticals and medical devices, both areas that stay strong even when the economy slows. While J&J has faced some lawsuits, the company's finances remain solid. The dividend yield is about 3%, supported by strong cash flow and room to grow.

Bottom line:
Coca-Cola, Realty Income, and Johnson & Johnson may not be the most exciting stocks, but they are consistent. Each has proven it can not only pay but also increase their dividends across decades. In a market that's unpredictable, that consistency can give investors some peace of mind.

HOW TO STAY AHEAD OF *Inflation*

BY ALEXANDER CARTER

If it feels like your money does not go as far as it used to, you are not imagining it. Snacks cost more. Clothes feel overpriced. Concert tickets seem impossible. Even simple things like eating out with friends can drain your wallet faster than before. What you are experiencing is inflation, and it is one of the most important economic forces shaping your financial future.

Inflation is the slow rise in prices over time. When inflation happens, each dollar you earn buys a little less than it did before. If something cost ten dollars last year and now it costs eleven, that increase is inflation at work. While inflation has slowed compared to its peak a few years ago, prices have largely stayed high instead of returning to old levels. Once prices go up across an economy, they rarely go back down in a meaningful way.

There are many reasons inflation continues to affect everyday life. Higher costs for producing and transporting goods, global supply issues, and government policies all contribute. When it becomes more expensive for companies to make products or ship them, those costs are usually passed on to consumers. That means families pay more at the store, and teens feel it in their allowance, part-time job income, and savings goals.

Inflation also affects the future in ways that are easy to overlook. College tuition, housing, and basic living costs tend to rise steadily over time. That means the amount you think you need for future goals today may not be nearly enough by the time you actually reach them. Without planning for inflation, long-term goals can slowly drift out of reach.

One of the biggest dangers of inflation is that it works quietly. There is no sudden financial emergency announcement. Instead, month by month, money simply loses some of its power. People who do not adjust their habits often feel like they are working harder but falling behind. This is why awareness is so important. The earlier you recognize inflation, the sooner you can adapt your financial decisions to stay ahead of it.

Saving money is still essential in an inflationary world, but saving without a plan can become less effective over long periods. If your savings grow very slowly while prices grow faster, your purchasing power shrinks. This is why many financially successful people focus not only on saving, but also on finding ways for their money to grow faster than inflation over time, often through investing.

Another important lesson inflation teaches is self-control. When prices rise, many people spend more emotionally, trying to keep the same lifestyle without adjusting their expectations. This is known as lifestyle inflation, and it traps people into constantly needing more money just to feel stable. Separating wants from needs can remove that trap entirely.

Understanding inflation does not mean becoming fearful of spending. It means becoming intentional. When you know why prices rise and how money slowly changes in value, you gain the ability to plan instead of panic. And that ability is what puts you ahead in a world where costs rarely stay the same.

THE IMPORTANCE OF *investing early*

BY LIVIA BENNET

When people think about building wealth, they often focus on income, career success, or finding the perfect investment opportunity. Yet one of the most powerful forces in finance has nothing to do with salary or luck. It is time. When time is combined with consistent investing, it creates compounding growth, a process that can quietly but dramatically transform financial outcomes over the long term.

Compounding works by allowing money to grow not just on the original amount invested, but also on all the gains it has previously earned. Each year, returns build on top of earlier returns, creating an accelerating cycle of growth. At first, progress may feel slow and almost unnoticeable. Over longer periods, however, compounding becomes increasingly powerful, and growth can appear to surge almost effortlessly. This is why starting early matters far more than most people realize. Someone who begins investing sooner, even with small amounts, often ends up with more wealth than someone who waits years to begin but contributes larger amounts later. Time allows market growth, reinvested earnings, and recovery from downturns to work together in a way that simply cannot be recreated once those early years are lost.

Another common misconception is that investing is only effective for people with large amounts of money. In reality, consistency is often more important than size. Regular contributions, made steadily over time, can outperform larger but irregular investments. The habit of investing, once formed, becomes more powerful than any single financial decision.

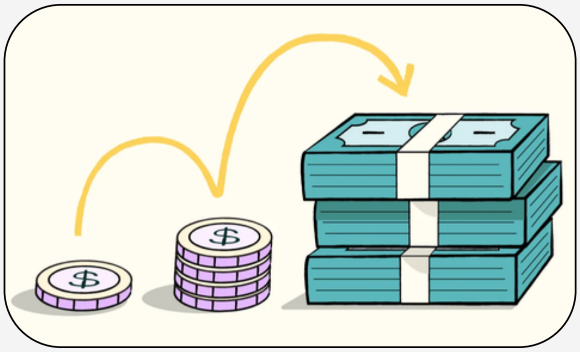
All investing carries risk. Markets rise and fall, and short-term losses are unavoidable at times. What protects long-term investors is patience. Market downturns, while emotionally uncomfortable, are a normal part of growth. Over long periods, markets have historically recovered and moved higher. Those who stay invested tend to benefit far more than those who try to jump in and out based on fear or headlines.

There is also a mental shift that comes with early investing. Money begins to serve a purpose beyond spending. It becomes a tool for building security, freedom, and future choice. This change in perspective often leads to more thoughtful decisions, reduced impulse spending, and a stronger sense of control over personal finances.

Compounding also rewards discipline. The process works best when investments are made consistently, emotions are kept in check, and the long-term goal remains the focus. Chasing trends, reacting to short-term market movements, or constantly switching strategies often disrupts compounding rather than helping it.

True wealth growth rarely comes from dramatic wins or sudden breakthroughs. It is most often the result of long-term patience, steady contributions, and the quiet power of time. The earlier the process begins, the more dramatic its eventual impact can become.

In the end, compounding is not about timing the market perfectly or discovering secret strategies. It is about allowing money to grow naturally, year after year, without unnecessary interruption. Those who understand and respect this process give themselves one of the strongest financial advantages available in the modern world.



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