

## INFLATION

The following provides some useful data points on the impact of inflation. Lodges need to understand the deleterious long term effect of inflation on the buying power of their dues if not periodically adjusted to recognize the eroding impact of inflation.

FROM	TO	INFLATION %*	VALUE of 1 DOLLAR (\$)
JAN 1975	JAN 2007	<b>288.51</b>	<b>3.89</b>
JAN 1980	JAN 2007	<b>160.17</b>	<b>2.60</b>
JAN 1985	JAN 2007	<b>91.86</b>	<b>1.92</b>
JAN 1990	JAN 2007	<b>58.88</b>	<b>1.59</b>
JAN 1995	JAN 2007	<b>34.67</b>	<b>1.35</b>
JAN 2000	JAN 2007	<b>19.91</b>	<b>1.20</b>
JAN 2005	JAN 2007	<b>6.14</b>	<b>1.06</b>
JAN 2007	JAN 2007	<b>0.00</b>	<b>1.00</b>

\*SOURCE = Bureau of Labor Statistics

### HOW TO INTERPRET ABOVE CHART:

- ◆ *Something that cost \$1 in JAN 1995 would cost \$3.98 in JAN 2007.*
- ◆ *Accordingly, if annual Lodge dues were set at \$50 in 1975, it would take  $50 \times 3.89$  or \$194.50 in JAN 2007 to provide the same buying power as a result of inflation. Conversely, the buying power of \$50 dollars in JAN 1975 would only be  $50/3.98$  or \$12.56 in JAN 2007.*
- ◆ *Let's assume that annual Lodge dues were set at \$50 in JAN 1990 --- then using the above chart it would take  $50 \times 1.59$  or \$79.50 in JAN 2007 to give the Lodge the same buying power (or a dues increase of +\$29.50 or 59%)!*