

# AHWATUKEE FOOTHILLS NEWS

## Cost of Americans' Financial Dreams has Soared



*April 3, 2024 by Dr. Harold Wong*

Historically, the major American financial dreams are: drive a nice car; live in a comfortable house; help kids with college expenses; and afford bucket list dreams (travel is the #1 bucket list dream in retirement). Since January-2021, with the Biden Presidency, overall inflation has increased 16%. However, inflation has had a different impact on all four major goals.

**CARS:** According to a 12-20-2023 visual capitalist.com article by Marcus Lu, titled "Charted: Car Ownership Costs in America Skyrocket, 2000-2023", the price of new vehicles are up 22% and used vehicles are up 40%. Other components of owning a car have increased by this much in the last three years: 30% (maintenance and repair); 29% (insurance); and 22% (parts and equipment). Of course, the price of gasoline has more than doubled. AAA estimates that the annual cost of owning a new car in 2023 is \$12,182, up 14% from last year. Many Americans spend so much time in their cars that having a nice care is a dream come true.

**Homes:** According to the AZrealestate-notebook.com, in December-2018, the median Phoenix home price was sold for \$262,500 and five years later in December-2023, it was \$430,000. Over the last 10 or so years, Phoenix has been one of the top three cities leading the nation in home price appreciation. For those with good credit, the 30-year mortgage interest rate has increased from 4.25% in December-2018 to 6.61% in December-2023. The annual payment on a 30-year,

\$250,000 loan in December-2018 at 4.25% would be \$14,292 vs. \$29,060 with a \$400,000 loan at 6.61% in December-2023. The difference of \$29,060 - \$14,292 = \$14,768, is double the annual principal and interest. If you did not buy your home at least five years ago, you face a major challenge in affording one today.

**College:** Data from a 1/04/2024 Research.com study by Imed Bouchrika, PhD. In 2020-2021, the average annual tuition and fees for a public 4-year college were \$10,560 vs. \$37,650 for a private nonprofit 4-year college. If we add room and board, the total annual average cost becomes \$50,770 for a private nonprofit 4-year college. At prestige Ivy League schools such as Harvard or Yale, it can exceed \$75,000 annually.

**Travel:** When I was in college about 55 years ago, the famous travel series by Fodor had a book whose title was "Europe on \$10 per day". Of course, that meant staying at youth hostels and never going to eat at a restaurant more than once per day. It also meant buying the Eurail pass with 2nd-class seating and walking a lot.

Today, whether it's Viking River Boat Cruises or overseas guided tours, the cost is typically \$500-\$1,000 per day per person. A 15-day tour might cost a couple \$10,000 to \$17,000 including air fare from the U.S to the overseas location and meals not covered in the tour. In August, 2023, we spent 17 nights in Hawaii and the total cost was over \$19,000. We took no guided tours and traveled by ourselves in

rental cars.

Find out how a client that spent \$50,000/-year while working and dreamed of spending \$75,000 when retired was able to get \$120,000/year of steady retirement income!

Attend my Free Live Seminars: Tues. 4/16/2024 or Weds. 4/17/2024, starting at 6 pm at Hyatt Place, 3535 W. Chandler Blvd. Chandler, AZ 85226. The seminars are followed by a Free catered meal. Topic is "Beat Inflation by Doubling Retirement Income & Reducing Taxes!"

Free Tour/Workshop at Solar Reeper (Refrigeration) Factory: Saturday, 5/04/2023, 9am-12 noon. Topic is "How Solar Reefers can Reduce Taxes to \$0 and earn a steady 10-14%!" Lots of tasty refreshments served! Location is at Advanced Energy Machines: 4245 E. Norcroft Street, Mesa, AZ 85215, ¼ mile SW of McDowell & Greenfield Roads.

**To RSVP for the seminars or schedule a free consultation, please contact Dr. Harold Wong at (480) 706-0177 or harold\_wong@hotmail.com. His website is www.drharoldwong.com.**

Dr. Harold Wong earned his Ph.D. in Economics at the University of California/Berkeley and has appeared on over 400 TV/Radio programs.