

Supersize Your Cash Fund!

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You might remember the movie from a few years ago called "Super Size Me." Well, this article is somewhat similar. This has a lot to do with the environment, but not on a global basis. It's centered on your own environment - your financial environment. It's not time to supersize it, but minimize it! [BANNER]

My basic theory is you need to make sure you have a "cash/emergency/opportunity" fund. That is a lot of words to say you need cash you can get your hands on whenever you need it. It might be for an emergency, when an opportunity comes up and you can close the deal if you have cash, or simply when you are short of cash. Again a lot of words to say that cash is still king!

When I say cash, I am not referring to the excess you have rotting in your checking accounts. That is cash but it's wasting away with interest that isn't worth anything. To me, the best place to store cash is in a money market account. By the way, don't use the money market at your friendly banker. You will get better interest than what they give you in your checking account, but you can do better elsewhere. Check out what the mutual funds offer in their money markets.

Okay let's get back to minimizing things. That is how you can build a cash fund if you don't have one. Start by looking at where all of your money is going right now. In other words, look at your monthly expenses. Are you paying "extra" to eliminate your mortgage? How about that student loan? Sending them extra to pay it off quicker? Are you accelerating any payoffs? How about that credit card bill? Loading up extra cash to get that balance down?

This is where the minimizing comes into play. Instead of sending that "extra" cash to someone else, it is time to minimize those payments and use that "excess" to build your cash fund. In a pinch, none of those companies are going to send you some cash to help you out when you need it. That is why it's up to you to build that cash fund ASAP. I think with a little minimizing, you could build your cash fund very quickly. Your initial goal should be to have a fund of \$10,000. Eventually, you want to have enough in a personal cash fund to cover two months of personal expenses.

What is the advantage of all this cash? First of all - peace of mind. It should give you a great feeling of security to know you can get your hands on so much cash if needed. Also there will be opportunities of which you will be able to take advantage if you have cash. What opportunities? There will be many who read this and scoff, telling themselves they don't need a cash fund. However, they may run into a "dry spell" or a "bump in the road" in the not too distant future and need to unload some assets just to stay afloat. That is where the bargains are!

We are entering some strange times for the economy and you need to be prepared. It's a good motto for the Boy Scouts and it works for you as well!

