Cash instruments are now paying around 2%, and that?s a boon for savers. The first rule of financial planning is to have a short-term savings account in case of job loss, major health issue, or other emergency. Hopefully, your short-term savings can see you through six months or a year of unemployment. Now, after nearly a decade of interest rates at or near zero, you can finally earn something approaching the rate of inflation on short-term, emergency savings. First, check out online banks. Synchrony is paying 1.85% on its high yield savings account. It's also paying 2.45% on a one-year CD, though that won?t provide the liquidity of the savings account. Ally is paying 1.80% on online savings at all balance tiers. American Express has an online bank, and it?s paying 1.75% on savings accounts. Accounts at these banks are FDIC guaranteed. Ally and American Express allow six withdrawals or transfers per statement cycle. Synchrony says it allows six withdrawals/transfers in a statement cycle, after which it won?t necessarily charge a fee unless that many withdrawals or transfers occur on more than an occasional basis. The American Express bank website advertises ?no monthly fees, no minimum balance." Ally offers this statement about withdrawals on its savings account:

There are Federal limits on transactions from U.S. savings and money market accounts.You can always call us and request a check made out to you. You can also make unlimited deposits and ATM withdrawals. But, Federal law limits other electronic, telephone and check transactions to a total of 6 per statement cycle. These limited transactions can be to other accounts or to a third party. If you go over the limit we charge $10 per transaction.

Another option is a money market mutual fund. All of Fidelity?s U.S. Treasury and government money market funds are paying over 1.5%. A few of them are higher than 1.7%. •Fidelity?s Prime or general purpose money markets (which contain commercial paper ? or ultra short term loans to corporations -- in addition to government securities) are all paying over 1.8%, and six of the eight in the firm?s lineup are paying more than 2%.• The Vanguard Federal Money Market Fund (VMFXX) is paying 1.87%. Its expense ratio, included in the calculation of the yield, is 0.11%. The Vanguard Prime Money Market Fund is yielding 2.06%. Money market mutual funds are not FDIC guaranteed. They can "break the buck" or not be priced at $1 per share per day. But it's rare for that to happen, and it's likely harder for it to happen to funds invested in U.S. Government securities. There have been movements to have money market funds' net asset values "float" or break the buck, if they must. Fund companies subsidized the funds in some cases during the financial crisis because they know investors expect that stability even if it's unrealistic based on what the funds are holding. If the NAV's float, you'll have to decide if experiencing some price fluctuation is worth it to you. If you choose a money market mutual fund option, and you anticipate needing to access your funds, it?s a good idea to link the mutual fund or the brokerage account in which it sits to your bank account. Depending on how the fund is held, you may also have to place a trade to liquidate it into another part of a brokerage account. Mutual funds typically trade a 4PM. If you have a link to your bank account, it shouldn?t take a week to get the cash from a money market mutual fund literally into your hand, but it probably won?t take a day either. Yet another option for investors is buying U.S. Treasury Securities directly from the source. For as little as three months, investors can now get paid an annualized rate of more than 2%

Date	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
08/01/18	1.93	2.03	2.22	2.45	2.67	2.78	2.87	2.96	3.00	3.07	3.13
08/02/18	1.89	2.02	2.22	2.45	2.66	2.76	2.85	2.93	2.98	3.06	3.12
08/03/18	1.90	2.01	2.23	2.43	2.63	2.74	2.82	2.91	2.95	3.03	3.09

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For investors willing to take a little more risk, there?s the PIMCO Enhanced Short Maturity Active ETF (MINT). This is an exchange traded fund that requires a commission to trade. Unlike money market mutual funds, it?s not designed to maintain a $1 per share price everyday. Its 30-day SEC yield is 2.44%, but investors have to incur some extra credit risk for that extra yield. While its effective maturity is a modest 0.42 years, the fund has about 43% in its portfolio in instruments rated A, A-, BBB+, BBB, and BBB- and another 7% of its portfolio in securities that are not rated. Many argue that cash isn't the place to take risk, and that argument has some merits. You can reserve risk for other parts of your portfolio. Moreover, the PIMCO fund doesn't have a track record going back to 2008, so we can't see how it would have performed during a moment of great credit stress. Many ultra short term funds that existed at that time were caught holding poorly rated debt that inflicted losses on investors. Still, the PIMCO Short Term Bond Fund (PTSHX) -- more aggressive and with a longer duration than MINT -- sufferred a modest 1.3% loss in 2008, landing it in the top-third of Morningstar's short term bond fund category that year. Many investors can absorb that as a worst-year scenario, but others view a loss like that• on cash or a cash substitute dimly. You'll have to decide if this sort of fund deserves part of your cash or not. Once you have your emergency cash savings fund in place, then it's time to start thinking about investing for longer term goals. Make an appointment with us if you're at that stage.