

A 'Serious Saver' Seeks the Best Place to Stash Cash

Cash offers protection from volatility and the freedom to travel for one near-retiree

With all the volatility in the market, financial advisers say building up cash reserves is a smart move. Bari Kahn of Springfield, Virginia, has certainly taken that advice to heart.

The full-time data researcher has always been what she calls a serious saver. "I've typically put aside a high percentage of my income, but since the market began sinking, I upped my target to almost 50%," she says. "I'm also delaying my retirement a few years, and if I get a tax refund this year, you can bet it's going directly into savings."

The goal? Kahn wants to make sure she has three years of income set aside in reasonably liquid investments she can tap if stocks take a deep dive. And she wants to make sure she can access a good portion of those assets quickly if she needs or wants to spend it — on a last-minute trip, for example.

"I absolutely love to travel," she admits. In recent years, she's visited Peru and Cuba.

She's also made multiple trips to visit her sons in California and Alabama, and she's planning a cruise to Croatia, Italy and Greece later this year. "I don't want a market downturn to keep me from tackling my [travel] bucket list!"

Safety, plus robust earnings

At any age, cash gives you the flexibility to manage financial emergencies without tapping long-term savings. The amount of cash to set aside will vary depending on your situation, but experts typically recommend that everyone stockpile enough money to last at least six months to a year. Retirees — or near-retirees like Kahn — who want extra security and flexibility may even consider setting aside two or three years' worth of expenses.

Ideally, you want a safe place to stash your cash and watch it grow. For a long time, traditional brick-and-mortar banks were the default choice. Not any longer. They may be safe, but they don't offer the higher earnings that serious savers need in today's uncertain economic climate.

Online banks take the lead

The good news is that online savings accounts are leading the way in giving consumers a profitable alternative. Compared with traditional banks, they offer dramatically higher yields. For example, the interest rate for online savings accounts at Barclays is 24 times higher than the national average for traditional savings accounts.¹

What's more, many online savings accounts, including those with Barclays, have no monthly maintenance fees and don't require a minimum opening balance. You'll also gain time-saving features like mobile banking.

Of course, you still get the security of knowing your savings are protected. Like traditional savings accounts, the money in your Barclays online savings account is insured by the Federal Deposit Insurance Corporation, up to \$250,000.

The freedom to go where life takes you

"Having enough cash set aside is really important to me," says Kahn. "It represents both security and freedom. The security of knowing that I will have enough money to live comfortably in retirement, and the ability to say 'yes' when an opportunity to hit the road occurs."

Serious savers like Kahn owe it to themselves to check out the competitive rates offered at online banks like Barclays. Visit Banking.BarclaysUS.com for more information.

¹National savings average rate courtesy of the FDIC's Weekly National Rates and Rate Caps, as of 01/09/2019; average rate used is for deposits under \$100,000.

