

## Looking for More Out of Your Savings?

By Brad Sorenson

In today's economy, we are continuously searching for ways to get more yield out of our savings. According to Bankrate's Sept. 22, 2021 survey, the national average interest rate for savings accounts is 0.06%. As a result, not many people are thrilled about keeping money in cash at a bank. In our industry, it is what we call "losing money safely." We thought it would be useful to share a few resources and options that may help you earn a little more on your money.

If you are wondering whether or not your bank is offering competitive rates, a good resource would be DepositAccounts.com. Here you will find out what the top 1% of banks are paying on their CDs, savings, checking, and money market accounts. This website will also share a list of what banks are currently paying the best rates.

Another resource we recently came across is MaxMyInterest.com. This company offers an automated cash management solution that is designed to regularly move your funds between banks to maximize the interest you earn. They also manage your cash to help you stay within the FDIC insurance limits.

Consider online banks. Nowadays, many banks are getting out of the brick-and-mortar business. With reduced overhead, they are sometimes able to offer their clients higher interest with less fees. I personally like to have a relationship with my bank so I still use them for everyday checking account transactions. However, for savings, an online bank may be worth investigating if it means more dollars in your pocket.

With inflation becoming a big topic of conversation, Series I Savings Bonds (or I Bonds) have begun to grow in popularity. These are U.S. Government Securities used as a hedge against inflation. These bonds are purchased with after-tax funds at face value and accumulate interest. The interest is only subject to taxation at the federal level upon redemption for cash. In special circumstances, such as qualified education expenses, the bonds can be tax exempt. Most recently, interest rates for I Bonds were set at 3.54%. Although rates can adjust every six months; they are guaranteed to at least match inflation. Despite only having an annual deposit limit of \$10,000, some families may be able to contribute significantly more if titled correctly.

As a firm, we feel that it is always important to maintain some level of cash. Beyond the three-to-six-month emergency fund, it is also beneficial to build up a savings for any expenses over the next two years that will not be covered by your recurring sources of income. For example, perhaps you would like to buy a car, remodel your home, or need a deposit on a new house; this type of money should remain conservative. Anything above these amounts should be utilized in an efficient manner such that you are paying off debt, enhancing your retirement, and/or optimizing a tax efficient legacy.



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