



Cash & Inflation

These types of investments are low-risk and offer lower returns, but they're smart for shorter-term goals, day-to-day expenses and emergency funds. They include the following:

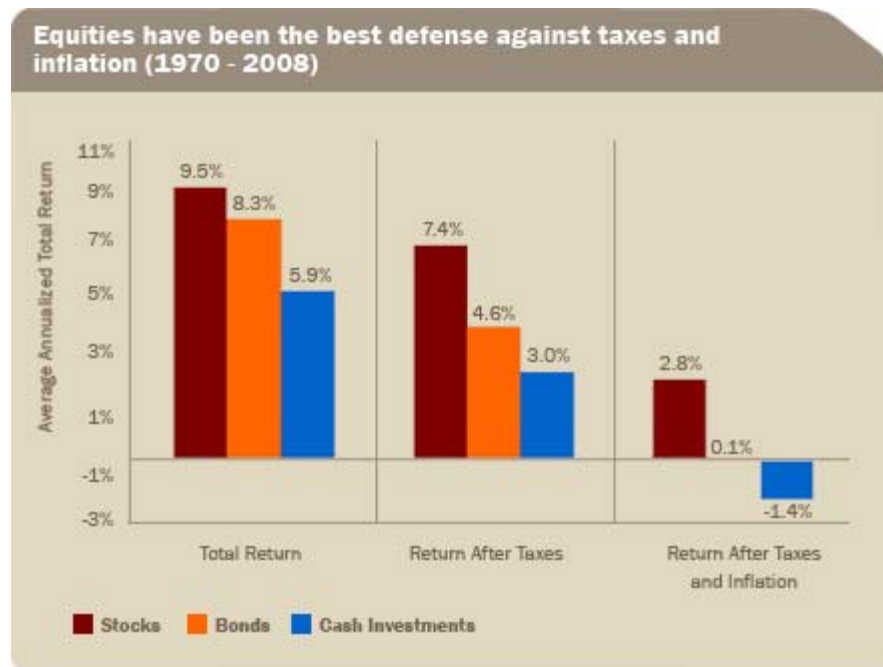
Cash - Checking and savings accounts are good for day-to-day expenses and an emergency reserve. Be sure to seek out an account with a competitive interest rate, but watch out for minimum-balance requirements and fees.

Cash investments—

- **Shorter-term CDs and T-bills** can be attractive short-term investments if you have a specific timeline and value a certain return. These investments tend to pay slightly more interest but typically must be held for periods of three to 12 months.
- **Longer-term CDs, ultra-short bond funds and stable value funds** are other options to consider for allocation of your cash.

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When it comes to your long-term goals, cash and cash investments present another kind of risk: inflation risk. That's because the low returns you're likely to get may very well be lower than the rate of inflation. In effect, you may be losing money—and limiting the opportunity to reach your goals.



Source: Schwab Center for Financial Research.

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