



Take10 to Wake Up Your Savings Hack #3

You work hard for your money, so be sure your money is working hard for you. Warren Buffet is famous for quipping, “If you don’t find a way to make money while you sleep, you will work until you die.” A bit depressing. But only if you do not do something about it!

Finding a way to invest for long term growth, utilizing the power of compounding is a fantastic way to build wealth. But what about money you need in the short to medium term, e.g. 6 months - 4 years?

Savings is short term money. **Investing** is long term money. Saving for a vacation, new-to-you car, or a down payment on a house is short term money. Investing for your toddler’s college education or a comfortable retirement is long term money.

Spending hundreds of dollars a month for lottery tickets is *dumb money*. Investing in yourself is *smart money*. Buying concert tickets is *fun money*. Tickets for [The Eras Tour](#)— that was *serious money*! Cash sitting in a checking account is *lazy money*.

The point is, all of our dollars are working. Some work harder, smarter, and with an intended purpose. Some dollars work to meet **needs** like rent, transportation, and sustenance. Some work to satisfy **wants** like a resort, boat, and dining out. Some dollars go AWOL— study after study shows that most Americans grossly underestimate how much they spend each month, and cannot identify [where all the money went](#). And some dollars are *sleeping on the job*!

Investing is the easy part, and a financial advisor can help you “[set it and forget it](#),” or you can do it yourself. Either way, consistent, automatic contributions will join the dollars already invested and continue the miracle of compounding (*working hard*) while you sleep.

Saving gets far less attention, but is very important to manage lest you be forced to [interrupt](#) the exponential power of [compounding](#) in your investments. Moreover, just because these dollars are designated for assignment in the near future, doesn’t mean they should slack off (*sleep*) while they are still under your employ. The same goes for your Emergency Fund dollars! **Take10** minutes to *wake up* your savings!

Here’s how you might consider getting your savings out of bed:

- 1) **Open/use** a High Yield Savings Account ([HYSA](#)) which can offer interest rates that are **30-40x** better than checking account rates at the giant monster [megabanks](#) Clark Howard loves to bash! Many of the HYSAs even have **50-75%** higher [money market](#) rates than most of the traditional

brick and mortars. There are plenty of other HYSAs offering competitive rates (see Bankrate.com).

- 2) **Open/use** an "Individual Brokerage" account with a reputable [custodian](#) or brokerage firm. Most deposits automatically default to a "settlement fund" of some sort, and you can usually designate how you want your cash "invested." Since we are talking about shorter term savings here, consider designating your dollars for a higher yielding (**30-40x** higher than a typical checking account) savings/money market/cash account offered by [major custodians](#).
- 3) **Open/use** a North Carolina State Employees' Credit Union ([SECU](#)) Summer Cash account. The [Summer Cash](#) account is specifically designed for educators who are 9/10/11 month employees. They do the math and set up your automatic deductions from your paycheck, and pay a very competitive interest rate on this earmarked savings account- **4.1%** at time of writing.

I have used all three of the above, and each has its advantages beyond waking up my snoozing savings. Since 1994 I have been banking with the SECU who funds multiple \$10,000 community scholarships for every high school district/LEA in North Carolina, so I love supporting them. I have brokerage accounts with two custodians, and each offer excellent interest rates for my savings. And my HYSA, like several others, employs behavioral finance to both motivate and organize my [sinking funds](#). How? By utilizing some built in FinTech to create separate "[buckets](#)" in one account, rather than opening up separate accounts for each bucket.

Bonus **Hack #3b**. Some HYSAs offer a "tell a friend" bonus: send a link to a family or friend, and you will receive \$50 with my HYSA for every new enrollee up to \$250. More "free" money! These [Take10](#) hacks can really add up quickly!

You surely put in a good day's work, so make sure all of your savings dollars do too!

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