

## Make your cash work for you and earn money



**Q:** My bank account is holding a lot of cash. I know that I can't achieve my financial goals if I stay in cash, but I don't know when to invest it. I'd appreciate suggestions.

**A:** It doesn't matter how or why you ended up with a large sum of cash, but congratulations on recognizing that you're going to lose buying power if your money doesn't keep up with inflation. And please don't exceed FDIC limits while you're deciding on an investment plan.

Absent the crystal ball, the analytical answer is to choose a portfolio that will achieve your goals and fit your personality. Then just invest it. It's proven that markets rise over time and the sooner your money goes to work, the better the return. This strategy may be stressful when the stock market is near its high. It can be even more stressful when stocks are declining.

Consider dollar-cost averaging as a way to get invested. Create a mix of stock and bond funds and then set up a systematic purchase plan to periodically invest in those funds. When it's automatic, you'll save transaction fees and you won't try to time the market. Most who have worked for large corporations have experienced

401K type plans and are familiar with the systematic transfers from our pay checks. This is the same concept. At the same time each period, a transfer is made and specific funds are purchased. Usually this is less worrisome.

I suggest another method that is a combination. Again, decide on your ultimate portfolio that you will stick with for a long time. Exclude the cash that you need for your short term expenses. Move all of the long term money into your investment account and place about half into high quality ultra-short term (perhaps municipal) bond funds. The other half can be invested into your chosen allocation of stock and bond funds. Systematically transfer out of the high quality ultra-short term bond fund into the appropriate mix of the stock and bond funds. Do this over a year and periodically rebalance.

Walmart sells products, ExxonMobil produces energy and Apple technology keeps the planet connected. Investing allows you to participate in the profits of these great companies. The constant stock market news won't make you a better investor, but the overload of information may cause stress and inertia. Create a diversified portfolio that fits your personality; after all, sleeping well is an important goal too.

*Mary Baldwin, CFP® is an independent, fee-only financial planner at Baldwin and Associates, located in Indian Harbour Beach, FL.*

*You can contact her at 321-428-4555 or [Mary@MEBaldwin.com](mailto:Mary@MEBaldwin.com). Send your financial questions to [Business@floridatoday.com](mailto:Business@floridatoday.com).*

*Mary Baldwin, CFP® is an independent, fee-only financial planner at Baldwin and Associates, located in Indian Harbour Beach, FL. You can contact her at 321-428-4555 or [Mary@MEBaldwin.com](mailto:Mary@MEBaldwin.com). Send your financial questions to [Business@floridatoday.com](mailto:Business@floridatoday.com).*