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Jeffrey Bird-RICP®

Financial Focus

A Monthly Insight Into Your Finances

February 2023

Sugar Cookie Bark

INGREDIENTS

- 1 (17.5 oz.) package sugar cookie mix
- 1 stick unsalted butter, room temperature
- 1 large egg
- 1 (12 oz.) bag white chocolate chips
- 1 to 2 drops red food coloring
- 1/3 cup red, white and pink or Valentine's Day sprinkles

DIRECTIONS

1. Arrange a rack in the middle of the oven and heat the oven to 325ºF. Line a baking sheet with parchment paper.
2. Place 1 package sugar cookie mix, 1 stick room temperature unsalted butter, and 1 large egg in a medium bowl. Stir to combine well. Transfer the dough onto the baking sheet and spread into an 8x12-inch rectangle.
3. Bake until golden-brown for 12 to 14 minutes. Let cool completely.
4. Place 1 (12-ounce) bag white chocolate chips in a medium microwave-safe bowl. Microwave on high in 30-second bursts, stirring between bursts, until just melted, 1 1/2 to 2 minutes total. Add 1 to 2 drops red food coloring and stir to combine.
5. Spread the melted chocolate over the sugar cookie and sprinkle with 1/3 cup sprinkles. Let cool 30 minutes. Break the bark into pieces for serving.

https://www.thekitchn.com/sugar-cookie-bark-22994234#post-recipe-219150001

How Much Cash Should I Have on Hand?

Given that we're increasely becoming a cashless society, the question of how much cash we should keep on hand is difficult to answer.

A U.S. News and World Report article, How Much Cash Should I Keep on Hand, has some insights that may help you determine how much money you should keep in your home and in your pocket when you're running errands or shopping.

Cash still matters

Let's first examine when and why you may want to carry cash. Though it's pretty common for folks to leave the house or office without so much as a few bucks in their pocket, that may not be the best strategy.

For example, some small businesses offer discounts to those paying cash because then they don't to pay a processing fee to a credit card company for those transactions.

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Birds Have the Most Monogamous Couples

Our feathered friends are known for their elaborate mating dances and rituals, and that's not just for show – most of these love-birds mate for life. Up to 90% of bird species stick to the same partner each breeding season. For mammals, it's only about 5%, and Sea creatures and reptiles are seldom monogamous, but there are exceptions. Notable examples include: swans, bald eagles, Atlantic Puffins, grey wolves, Eurasian beavers, Australian seahorses, and Hawksbill sea turtles.

https://storyteller.travel/animals-that-mate-for-life/

HOW MUCH CASH…

Technology isn't perfect
You also never know when a business may suffer a technical issue that prevents you from using a card. You wouldn't want to coast into a gas station on your final fumes with just your credit card only to find out it's going to be cash-only until the credit card machine is fixed.

Don't leave home without it
While the article explains that there isn't consensus about whether you should carry cash day-to-day, there is consensus that you should carry some local currency when traveling. The article recommends carrying enough cash to see you through 24 hours when you're traveling.

Be careful with your cash
Cash is susceptible to theft, which means you should be thoughtful about how much you carry. What crook wouldn't want to get their hands on that roll of 20s you keep in your pocket?

And it's not just crooks. If you cross your legs at a restaurant and your money clip falls out onto the floor, and you don't hear it, well, your cash may be gone for good.

If you lose your debit card or a credit card, or one is stolen, you may also be able to have any fraudulent charges refunded.

To combat theft or loss, the article recommends splitting your cash up. Put some in your front pocket and the rest in your breast pocket or purse. That way, if you lose some of it, you may not lose it all.

Keeping cash in your home
The article specifically addresses how much cash you may want to keep in your home. While some folks keep cash tucked away in their home in case of an emergency, the article notes that, realistically, there aren't many emergencies that would prevent you from getting to an ATM.

Natural disasters are an example of the rare occasion when getting to the bank or to an ATM may be difficult.

Accordingly, a few hundred bucks stored safely in your home is likely enough to see you through most things, the article explains.

Spread it around
Just like you shouldn't keep all your cash in one pocket when you're out and about, you shouldn't store cash in one place in your home. Keep some in a cupboard in the basement and keep some tucked away under the kitchen sink.

You can also get creative and wrap up some cash to make it look like a piece of meat and store it in the freezer.

The point is to simply make it less likely a burglar may be able to access all of your cash.

Finally, as for how much cash you should keep in your home, the article suggests that a max of a couple of thousand dollars is likely enough for most people. Remember, the FDIC insures as much as $250,000 of the money you have in one of its member institutions, but there's no such protection for the cash in your sock drawer.

https://money.usnews.com/money/personal-finance/articles/how-much-cash-should-i-keep-on-hand

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DEBT OPTIMIZATION STRAEGIES

To help improve your financial situation, you might consider reducing your debt. Before starting any debt payoff strategy (or combination of strategies), be sure you understand the terms of your debts, including interest rates, payment requirements, and any prepayment or other penalties.

Start with Understanding Minimum Payments
You are generally required to make minimum payments on your debt, based on factors set by the lender. Failure to make the minimum payments can result in penalties, higher interest rates, and default. If you make only the minimum payments, it may take a long time to pay off the debt, and you will have to pay more interest over the life of the loan. This is especially true of credit-card debt.

Your credit-card statement will indicate your current monthly minimum payment. To find the factors used in calculating the minimum payment amount each month, you can review terms in your credit-card contract, which can change over time.

The minimum payment for credit cards is usually equal to the greater of a minimum percentage multiplied by the card's balance (plus interest on the balance, in some cases) or a base minimum amount (such as $15). For example, assume you have a credit card with a current balance of $2,000, an interest rate of 18%, a minimum percentage of 2% plus interest, and a base minimum amount of $15. The initial minimum payment required would be $70 [greater of ($2,000 x 2%) + ($2,000 x (18% ÷ 12)) or $15]. If you made only the minimum payments (as recalculated each month), it would take 114 months (almost 10 years) to pay off the debt, and you would pay total interest of $1,314. For consumer loans, the minimum payment is generally the same as the regular monthly payment.

Make Additional Payments
Making payments in addition to your regular or minimum payments can reduce the time it takes to pay off your debt and the total interest paid. Additional payments could be made periodically, such as monthly, quarterly, or annually.

Using the previous example ($70 initial minimum payment), if you made monthly payments of $100 on the credit card debt, it would take only 24 months to pay off the debt, and total interest would be just $396.

Here's another example. Assume you have a current mortgage balance of $300,000. The interest rate is 5%, the monthly payment is $2,372, and the remaining term is 15 years. If you make regular payments, you will pay total interest of $127,029. However, if you pay an additional $400 each month, it will take only 12 years and one month to pay off the mortgage, and you will pay total interest of just $99,675.

Pay Off Highest Interest-Rate Debt First
One way to potentially optimize payment of your debt is to first make the minimum payments required for each debt and then allocate any remaining dollars to debt with the highest interest rates.

For example, assume you have two debts, you owe $10,000 on each, and each has a monthly payment of $200. The interest rate for one debt is 8%; the interest rate for the other is 18%. If you make regular payments of $400, it will take 94 months until both debts are paid off, and you will pay total interest of $10,827. However, if you make monthly payments of$600, with the extra $200 paying off the debt with an 18% interest rate first, it will take only 41 months to pay off the debts, and total interest will be just $4,457.

Use a Debt-Consolidation Loan
If you have multiple debts with high interest rates, it may be possible to pay them off with a debt-consolidation loan. Typically, this will be a home-equity loan with a lower interest rate than the rates on the debts being consolidated. (Note that a federal income tax deduction is not currently allowed for interest on home-equity indebtedness unless it is used to substantially improve your home.) Keep in mind that a home equity-loan potentially puts your home at risk because it serves as collateral, and the lender could foreclose if you fail to repay. There also may be closing costs and other charges associated with the loan.

All examples are hypothetical and used for illustrative purposes only and do not represent any specific investments or products. Fixed interest rates and payment terms are shown, but actual interest rates and payment terms may change over time. Actual results will vary.

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