

Subject: Greenleaf Newsletter: Cash is Back! A Look at Cash Discounts and Having an Emergency Stash.

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From: Greenleaf Financial Group

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**Hello Greenleaf,
Welcome to Our Client Newsletter**

In the October Issue:

- **Cash, Credit or Debit? In Some Instances, Cash is Back.**
- **How Much Cash Should I Keep at Home For an Emergency?**
- **Market News: The Economy is Strong and the Stock Market Doesn't Like It.**

**Cash, Credit,
or Debit?

In Some Instances,
Cash is Back.**

Coin shortages and mobile purchases during the Covid pandemic seemingly turned cash purchases into a thing of the past.

Although it may have been years since you pulled cash from an ATM, many businesses now want you to pay with cash. Some offer cash discounts; others are imposing credit-card surcharges.

**Question:

How Much Cash Should I
Keep at Home For an
Emergency?**

Answer: With severe weather incidents rising each year, this question has new relevance. People in disaster-prone areas may find it useful to have plenty of cash on hand. If a hurricane, tornado, or wildfire damages your appliances or your home, a repair person is likely to prioritize customers who can pay in cash.

In addition, electrical power failures may keep ATMs and

**Market News:
The Economy is
Strong and the
Stock Market
Doesn't Like It.**

In a recent question and answer session, Federal Reserve Chairman Jerome Powell said interest rates haven't been high enough for long enough to bring inflation back down to the Fed's 2% target.

In short order, that statement overshadowed all other macroeconomic concerns, including the

Payment-processing fees, which businesses pay for each online or in-person credit card transaction, are getting much of the blame. Merchants pay approximately 1.5% to 3.5% of each credit card purchase to card processors. Often, the smaller the purchase, the larger the fee.

More than 80% of all transactions are now paid with a card. Reversing this trend will reduce a business' costs. Small businesses, therefore, are most likely to give you a discount for cash payments.

In this unexpected cash-is-back era, should you pay with cash, credit or debit?

Credit Card Advantages

Consumer protections are the strongest arguments for using a credit card. Card networks American Express, Discover, MasterCard, and Visa all have zero-liability policies that protect card holders in case of fraudulent purchases or card theft. You must report your missing card or dispute a fraudulent charge, but you are otherwise safe from such crimes.

In addition, a history of on-time credit card payments boosts your credit score, which in turn qualifies you

credit card equipment from working. Generators may keep some stores open, but you'll need cash to make purchases.

How much cash to stash?

Experts in emergency preparation recommend people keep enough money on hand to survive for at least two weeks without credit cards and access to bank accounts.

Two weeks in your home may be a modest sum, whereas two weeks of hotel and food costs is a larger amount.

Where to keep this cash?

A few hundred dollars may be kept in your wallet or in a jar in the kitchen, but more than that should be stored in plastic bags in a fire-resistant safe.

Your safe and cash-hiding locations also need to be away from flood or theft risks.

What about other emergencies?

This cash-in-your-home stash is different from the money you've set aside for a personal finance emergency caused by job loss, medical bill, or other financial calamity.

Saving an emergency fund of three to six months of total living expenses is important, but those dollars should be earning interest in an account with a reliable financial institution and not kept in your home.

concerns, including the likelihood of a government shutdown in November, unwieldy government deficits, and wars in the Ukraine and Middle East.

Most investments were knocked back by the expectation of more interest rate increases. For the trailing month, real estate was the hardest hit, down more than -7%. Small companies are close behind as their costs of doing business have to contend with the triple whammy of more-costly borrowing, few available employees, and inflation making materials and operating costs higher.

Bonds have held up better than stocks this past month with a decline of -1.5% versus the S&P 500 Index return of -3.1%. However, the correlation between stocks and bonds -- either going down together or going up together -- that we saw in 2022 has persisted in 2023. This correlation makes it a particularly frustrating time for investors since a "balanced" portfolio with asset class diversification has not been a remedy for these challenging conditions.

for the lowest rates on mortgages and other loans.

Debit Card Advantages

A debit card makes an immediate withdrawal from your associated checking account. In the eyes of many merchants, therefore, you are paying with cash and you will likely be exempted from credit-card surcharges as well as foreign transaction fees when traveling overseas.

Check to make sure your debit card qualifies, however, since a few debit cards now offer rewards programs in an effort to attract more business.

When Cash is King

Cash has no competition when it comes to keeping your spending in check. Studies show that people spend significantly less when paying in cash (or by check or debit).

In addition, although a 3% cash-payment discount may not sound like much, it is still better than the 2% cash-back reward from using your credit card.

Peer-to-Peer Payments

Peer-to-peer payment tools, such as Venmo, Zelle, PayPal, or Apple Cash are often more convenient than paying with a check. Known as P2P services, they allow customers to send and receive money instantly with their bank accounts.

Typically, you'll need the recipient's email address or phone number to send money. The recipient also needs to be comfortable sharing account information

Unfortunately, no long-term investment can counter an inflation shock. Even Vanguard Inflation-Protected Securities, which invests solely in Treasury Inflation-Protected Securities (TIPS) is down -1.1% for the past month.

However, when inflation is controlled, a balanced portfolio will reward investors who stayed the course. The end of the combined inflation shock and rapid interest-rate increases is not yet here, but it will return. Stick with it.

We are happy to discuss any financial considerations with you. If you have a question or a concern, please contact us!

with the app.

Before you send P2P money, proofread your entry. Nearly 25% of survey responders report sending money to the wrong person. Another 15% have been fraud victims.

A 2023 study by Consumer Reports found that Apple Cash did the best job of protecting consumers. Other major P2P apps did not always alert users to security breaches.

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