

Every Prepper Needs a Cash Reserve

By Gaye Levy

We prep because stuff happens. Little stuff, big stuff and everything in between. And while the focus of our preparations is often a major disaster or collapse of some type, the reality is that our preps come in handy for all types of other scenarios as well.

As recent as December 2013, millions of folks were left without the ability to pay for their purchases when their credit and debit cards were caught in the Target data breach. This was not something that was expected and those without supplemental credit or cash were left in a pickle during the busiest shopping period of the year.

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For some, the loss of a job, unexpected repairs, or medical bills have resulted in little left over at the end of the week to pay food, gas or the utility bills. It is times like this when a cash reserve becomes handy.

Things do indeed happen and the solution that stares us in the face is the need to have a cash reserve. We need to have the proverbial cookie jar with some extra change – or these days dollar bills – to get us through the rough times. We also need to have cash so that if and when the ATMS and credit card machines don't work, we have a fallback.

Today, Backdoor Survival Contributing Author Rob Hanus is back with his thoughts on having real cash, a savings account, and low debt.

Go Back to Cash

Debit and credit cards can be quite convenient, but they have an 'Achilles heel' in that when the power or network goes down, the electronic verification system cannot verify the card and the transaction is denied. This can also happen with paper checks. When this occurs, making purchases with your checks, debit or credit cards comes to a stop.

There was a time, not too long ago, when most people used cash. Today, the majority of us use cards to pay for purchases and carry few bills in our wallets, or have stopped carrying cash altogether. There are several significant reasons why you should start using cash again and veer away from the "cashless society."

BENEFIT #1 – Cash is King

As noted above, there are any number of reasons that could prevent merchants from processing payments of cashless cards and checks. However, if you're standing at the gas pump with an empty tank and the pump won't accept your card, you won't care what the reason is; only that you're unable to put gas in your tank. Having cash can make the difference as to whether you are able to get fuel.

More seriously, if there was a collapse of the dollar or other economic collapse in this country, you're going to see many stores stop accepting any form of payment except cash. In times

of uncertainty, people become very protective and even business owners won't be too keen on accepting forms of payment that they can't be assured of getting reimbursed for.

BENEFIT #2 – Get to know your neighborhood merchants

When you use cash to pay for your fuel, typically, you go inside the station to pay for it. This gives you the opportunity for the small talk that occurs while you wait for your sale (or pre-sale) to be ran through the register. Likewise when you pay with cash at other places, there is a more personal interaction with the clerk. You never know when you may need the help of one of these people and them knowing you can go a long way.

BENEFIT #3 – Start a small savings account at home

When you use cash, you get change in return, including coins, but don't spend any of the coins! Even if you can make exact change, use a bill instead. When you get home, put the coins into a coin jar. Depending on how many times you use cash throughout the average day, you could be adding \$1 to \$2 to your coin savings every day. It's an easy way to save up a little extra money without putting a strain on your budget.

BENEFIT #4 – Keep your debt low

None of these benefits are more important than the others, but the importance of keeping your debt low cannot be understated. The less debt you have, the more financial freedom you retain. With the current average interest rate of credit cards hovering around 17%, using credit is tantamount to shackling yourself into financial servitude. We're lured into thinking that, "it's only a small payment, I can afford it," when in truth, all it does is make you a slave to the issuer of the credit card.

By using cash, you're paying for something now, not later. We've seen what happens when families get in over their head (repossessions, foreclosures, stress, divorce, suicides, etc.), but it can be avoided by not getting into debt in the first place.

The Final Word

Gathering new gear, learning how to use it and stowing it in a bug-out-bag is a pretty cool thing to do when you're a prepper. Some may even consider it fun (I do). On the other hand, the more mundane task of saving money, reducing debt, and accumulating cash can be a boring drudge.

If you have not done so already, I would like to challenge you to begin to stash away some cash as part of your ongoing preparedness effort. As Rob suggests, setting aside dollar a day – or even a dollar a week – will allow you to save up some cash without putting too much strain on the budget. It just makes sense.

Enjoy your next adventure through common sense and thoughtful preparation!

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