

Cash Is King! Keep Cash Number One In Your Personal Finances.

This thought-provoking article comes from my good friend, Paul Richard, President of the nationally acclaimed Institute of Consumer Financial Education in San Diego, CA (www.financial-education-icfe.org).

“San Diego, CA. A growing number of merchants won’t accept cash anymore, including many airlines, which insist you pay by credit card if you want to buy a drink or a sandwich on board. There are also [news reports that the U.S. Treasury is printing fewer dollars](#), as American consumers move toward an all-plastic economy. It is good news for the banks, card companies and other lenders. To add to the cost of banking is the threat of a new one percent transaction tax on all banking activity.

Cash is this writer’s preferred method of doing business. No credit cards, no travel cards, no charge accounts and here are some reasons why:

- 1. Spend less using cash.** Most people are simply willing to spend more when they use credit cards than they do when they use cash. The day-to-day cash spending rates drop. There are far fewer impulse purchases too, because if there is no cash available there will be no splurges.
- 2. Cash makes budgeting easy.** Draw out a certain amount of cash once a week and budgeting becomes automatic. One thing we all do when spending cash, we count how much is left over after a purchase. Hardly any credit card buyers check their credit available after their purchases.
- 3. Reduce indebtedness.** Credit cards were originally designed to be used for convenience, however a growing number of card holders now use them to accumulate debt. Using a card for convenience means paying the account in full at the end of the accounting period. Using the cards for debt means consumers will pay a lot more in the end because credit card interest rates are higher than most loans.
- 4. Cash makes me think about what I spend and why.** Brett Arends, a writer for Smart Money magazine, remembers back when he got his first job, he writes that he started calculating how much everything he spent cost in terms of hours worked. That new CD cost two hours of his time, and so on. It was a good discipline.
- 5. Identity theft potential is minimized.** Many people worry about handing out a credit card or details every time they make a purchase because of the prevalence of credit and identity thieves. Using cash cuts down on the risk and increases privacy.
- 6. Cash helps local people.** The cash spent at local merchants and their suppliers is keeping some fellow citizens in work. On the contrary with credit cards, the interest and other fees are helping finance bank executives, their marketing teams and call centers overseas.”

Source: Paul Richard, Executive Director of the Institute of Consumer Financial Education, San Diego, CA