

Investable Cash Management Alternatives

Yield in generally descending order, from low to higher

Type	Description	Pro	Con
Demand Deposits	Local bank checking & savings accounts, some with interest-bearing feature.	Cash instantly available; FDIC insured up to \$250k	Low or no interest; monthly and overdraft fees charged
Money market account	Interest-bearing account at local banks.	FDIC insured up to \$250k. Higher interest than checking or most savings accounts.	Large minimum deposit rules. Limited number of withdrawals. Fees charged below minimum balance.
Ready Access CD	Readily accessible demand investment featuring CD-type traits but with compounding interest and flexible withdrawal timing.	Competitive fixed rates. No penalty for early withdrawal. Rapid online transfer of funds to bank.	Short minimum # of holding days. Higher minimum investment for higher rates.
Insured Cash Sweep (ICS) account or Insured Bank Deposit (IBD) Program	IntraFi network allows bank customers to access FDIC protection >\$250k via deposit accounts at >3000 other ICS network banks. IBD programs are offered by other financial institutions.	FDIC-insured for >\$250k. Work directly with local bank. Earn moderate return. Flexible quick access to funds.	Fees passed on to depositors via lower rates than CDs. Lower yield than some options not offered by local bank.
Certificates of Deposit	Interest-bearing savings account holding fixed sum of money at a fixed rate for a fixed time period. Principal + interest paid upon maturity.	Safe and secure. Higher rates than those above. FDIC insured up to \$250k.	Minimum investment levels. Less liquidity than most other options. Pay penalty for early redemption.
High-yield savings account	Online savings account with a variable interest rate typically higher than retail “brick-and-mortar” banks.	FDIC-insured up to \$250k. ACH between banks in 1-2 business days.	Online only. May have small monthly fee and minimum balance. Interest rate changes.
Treasury Bills	US government debt maturing in a year or less, paying fixed rate, sold through TreasuryDirect.gov .	Ultra-safe yield. Can “ladder” debt to reduce interest rate risk. Direct purchase without any fee.	Interest paid only at maturity. May lose value if sold before maturity. New T-Bill rate will change.
Money market mutual fund	Mutual fund that holds short-term, high-quality assets like US Treasury and government agency bonds.	Invest in low-risk assets. Reputable management firms. Highly liquid. Rapid funds transfer.	Principal uninsured. Yield varies with short-term market interest rates.