The hidden cost in your cash

You may think your money is safe because it's sitting in your checking account, Venmo balance, or waiting for you to pay your taxes. But there's a hidden cost to letting money sit idle: **opportunity cost.**

Checking account

- Most checking accounts offer low or zero interest.
- Are you missing an opportunity to invest some of that cash at a higher rate of return, e.g., HYSA at 4%+ or a conservative index fund at 7%
- Suppose you keep **$5,000** in a checking account that earns little or no interest for 10 years. If that money could have earned a hypothetical 7% annual return, it could grow to **$9,836** instead. That's **$4,836 of potential growth you gave up** by leaving the money idle.

Payment cash accounts

- Payment cash accounts or digital wallets that do not compensate you for balances.
- The same idea applies to money sitting in payment apps like **Venmo** or **PayPal**.
- They're convenient places to move money—but they may **not be the best places to store money** for the long term.

Tax refunds

- The same principle applies to a **large tax refund**.
- If you consistently have $5,000 more than necessary withheld from your paychecks, you're essentially giving up the opportunity to save, invest, or use that money throughout the year.

DIY MONEYTRACK

Sources- multiple

The opportunity cost of letting cash sit idle

Imagine you have $5,000 sitting in a non-interest-bearing account for 10 years.

Where the $5,000 goes	Value after 10 years*	Opportunity cost
0% return	$5,000	**$0**
3% return	$6,720	**$1,720**
5% return	$8,144	**$3,144**
7% return	$9,836	**$4,836**

*Assumes annual compounding and no additional contributions.

DIYMONEYTRACK.com

Sources- multiple