Please note: This is a transcription so there may be slight grammatical errors.

Audrey Wheat:

One of the questions our financial advisors get asked all the time is, how much cash should I keep on hand while I'm working, and as I head into retirement?

Managing the amount of cash to hold as part of your financial strategy changes overtime. You and your advisor should come up with a straightforward, simple plan to follow, so you know how cash fits into your overall financial success.

It's really important to have a cash reserve to help you deal with unexpected life events. These events can range from possibly losing a job to your hot water heater going out. The last thing we want you to do is to reach for a credit card, or to have to borrow money from someone. We want you to have an account that you can go to, that you've worked hard to save, and that is meant for those unexpected things that can happen.

Captrust recommends keeping three to six months worth of expenses in a cash reserve for someone who is currently working. Now, as you transition into retirement, we want you to bump up that cash reserve to at least six to 12, or even 18 months of expenses.

As clients near retirement, it is important for them to get a good sense of their annual expenses and spending. Your financial advisor can take you through an evaluation, so you feel comfortable knowing that you're prepared for those unexpected life expenses.

Recognizing your complete financial picture, especially what you're spending and budgeting, is critical to financial success at any life stage. Understanding how much money you have coming in, and where that money is going, is crucial to ensuring the right amount of cash reserve is there when you need it.

The nature of life is that it's unexpected. Having a strong cash reserve lets you have the opportunity to say, I planned for that.