**How to get the most out of the idle money in your savings account?**

Almost everyone has a tendency to save some excess money in his or her bank accounts, to use the same for any unplanned expenses in future, or during any unexpected situations, or even sometimes just as a factor of comfort.

For this, a savings account in the bank seems to be the safest, most feasible and easily available option for a common person. This also serves our principal to have safe as well as quick access to our hardearned savings. Even though these accounts offer minimal returns, they hardly get a chance to alarm or baffle us.

Though savings account give lesser returns, most of us hardly tend to look for better alternatives and keep continuing with our traditional savings account to park our money. Have we ever thought of options that are safer like the savings bank account, and additionally yield us with higher interest rates?

**Introducing Liquid Funds:**

Have we ever thought about Liquid Funds and its possible benefits? Let us examine what this has to offer us.

**How safe are these liquid funds?**

Liquid Funds invest only into instruments with fixed incomes and high credit ratings, for example, commercial papers, govt. treasury bills, certificates of deposits, etc. Many corporate put their money into liquid funds, because of the very low risks involved. The total amounts invested into these funds were approximately 2.60 Lakh crore, which clearly shows that these funds are popular.

**How quickly can I redeem?**

These funds are available with a redemption cycle of T+1 day. Therefore, if you give a redemption request today before 3 pm, then the funds for the same will be available into your bank account, the next day at most by 11 am.

**How much return to expect?**

These funds do not assure you of guaranteed returns, as no mutual funds scheme has the permission to do so. This thing proves to be one major obstacle. However, in the recent past, the liquid funds are delivering around 8 to 9%. Thereby, learning from the past experiences and rather than earning a meager return of just 4% from a savings bank investment, it is always advantageous to go for investing in to liquid funds.

It is therefore a passive decision to let your money remain idle in to a savings bank account. Alternatively, investing the same into liquid funds can gain us higher returns, without us having to compromise on our liquidity. Moreover, we can also use these funds as a supplement to our savings bank account.

**What are the other reasons for moving towards investing in a good liquid fund?**

In spite the deregulation of RBI,on the interest rates of savings bank accounts, still there are a very few offering 6-7% per annum. Apart from this, switch to another bank may also bother you, with no guarantee that it will continue offering you the same rate. Thus, investment into liquid funds is always an intelligent step.

**Selecting a good liquid fund: the when’s and how’s**

Always choose a fund that has its existence for over 5 years. Apart from this, the fund should have a low expense ratio and a high corpus of over 500 crores.

**Debit Card Facility:**

Some of the liquid funds come with an option of debit cards. You can withdraw cash from ATMs using these cards. Also you can swipe and pay with these cards on point of sales. So there is no requirement for you to keep more money in your savings account. Your entire temporary surplus can be parked in a liquid fund.

Concluding the analysis over liquid funds, we would just like to mention that these funds are good additional routes for investment into savings bank account, regardless of whether you want a temporary or an emergency investment option.

Hope this gives you a good starting point for you to invest in liquid funds instead of keeping money idle in savings account.

Source courtesy:caclubindia.com