


How Much Cash Should You Have If the Grid Goes Down?

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By Pat Henry



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It is the final backup plan for a lot of us in the case of a disaster. A generous supply of cold hard cash to buy our way out of trouble, pick up as many last-minute supplies as possible or to acquire resources that are unavailable to anyone with a credit card in a world where the electricity is out and the internet is down. We frequently talk about having cash for emergencies, but how much cash should you have if the grid goes down? What will you be able to purchase with your doomsday supply and how long would it last in the first place?

One of our readers made a recommendation the other day to have between \$500 and \$1000 in cash for your bug out bag and at the time it prompted me to consider again if this amount makes sense. In [my personal preparedness plans](#) I have a supply of cash but I am always trying to figure out if what I have is enough or too much. Will it even matter when TEOTWAWKI comes and how can I best use the cash I have to survive?

Why do you need to have cash on hand?

You want to know the time when you will need cash the most? It will be when you can't get to it. How many of you right now have no cash at all in your wallets or purses? I used to be the same way. I never had cash and relied on the ready availability of cash machines or most often the ability to pay for virtually everything with a debit card. How convenient is it to never

have to make change or worry if you have enough cash when with the swipe of a card your bank account funds are at your disposal. This is a great technological advance, but the problem is that this requires two things to be functioning. First, the card readers and ATM machines require electricity. If the electricity is out, neither of these two machines works. The second thing is a network connection. If the network is down, even with electricity the transaction won't work and you can't pay for goods or get cash from your bank.

In a disaster, one of the first casualties is electricity. This doesn't have to be due to some cosmic solar flare that has rendered the grid useless, it could be as destructive and common as a fire, flood, earthquake, tornado or winter storm. It could also be from simple vandalism or perhaps terrorism. A major fiber optic cable was cut in Arizona back in February leaving businesses without the ability to accept payments. When the electricity is out, you aren't going to be able to access your cash via the normal means so having a supply on hand is going to be a huge advantage for you in the right circumstances.

Even if there is no natural disaster, you are still at the mercy of your bank. What if your bank closes or there is a bank holiday declared because of some economic crisis. In any of these situations, if you are dependent on access to money that is controlled by either technology or physical limitations like a bank office it is wise to have a backup plan should either of those two conditions prevent you from getting cash.

What is cash good for in a crisis?

I think there are two levels to consider when it comes to keeping cash on hand. There is the bug out scenario mentioned above where you would have some "walking around money" to take care of relatively minor needs like food, a hotel or gas. The second is for a longer or more widespread unavailability of funds. Let's say the economy tanks and the price of everything skyrockets but stores are still open for business. Your bank is one of the casualties, but you had a few thousand dollars of cash stored away that you could use to purchase food, gas and necessary preparedness items for your family. In this scenario, the government is still backing the fiat currency and vendors are still accepting it as a form of payment. For this scenario having a few thousand dollars makes sense.

But what if we have an extreme event where the currency is devalued and is essentially worthless? Your thousands of dollars might only buy you a loaf of bread. Don't believe it can happen? It did to the Weimar Republic after WWI so it can happen again. That isn't to say it will, but you should balance how much money you have squirreled away under your mattress with supplies you can purchase now that will last and keep you alive during that same event. My goal is to make sure I have the basics I need to survive at home for several months to a year without needing to spend any cash. This way, if the money is worthless, I still have what my family needs to survive.

If we have a regional disaster where you can bug out to a safer location, your cash should serve you well. Of course if you are in a safer location, assuming electricity was working your access to bank funds should still be working. If this is truly the end of the world as we know it, how long will that cash you have be worth anything?



It is surprisingly simple to disrupt all credit and debit transactions. Do you have cash instead?

How much cash do you need?

So the million dollar question is how much cash should you have if the grid goes down? I always try to plan for the worst case scenario. My rationale is that if I am prepared for the end of the world as we know it, I should be just as prepared for any lesser disaster or crisis I may be faced with. The way I see it is if we do have a disaster, you aren't going to be using that cash most likely to pay your mortgage, student loans, rent, or your credit card bills. Cash will go to life saving supplies and this will need to be used in the earliest hours of any crisis before all of the goods are gone or the cash is worthless. Once people realize for example that the government has been temporarily destroyed, they aren't going to want to take your \$500 for a tank of gas. They are going to want guns, food or bullets.

Hiding cash is easy with these fake containers, just don't forget where you put it.

I also don't see you using your cash to buy passage to another country, but that's just me. I know there is a historical precedent for that, but I am not planning on that being something I realistically attempt with my family. I am also not planning on bribing any officials with cash either. My cash is for last-minute necessities and then it is back into the hopefully safe confines of my home to plan the next steps. For that I have only a couple of thousand dollars in cash stored away. I figure if I need more than that I didn't plan well. Also, I would rather spend my money on supplies like long-term storable food and equipment than having a large horde of cash. With that amount, I figure I can make one last run if needed or be able to weather any short-term emergency when I can't access cash.

What is the best place to hide cash in your home?

I wrote a post awhile back titled, How to hide your money where the bankers won't find it that had lots of good ideas for reasonably safe places you could store cash. As I said in that article, you do have risks involved with keeping cash in your house, but I think you have just the same, if not worse risks relying on banks to keep your money safe and give it back when you want it. There are a million places to hide cash, but you can get tricky and buy a fake shaving cream safe to store several hundred dollars in there. Just be careful you don't throw that away. There are other options like wall clocks with a hidden compartment inside that might be less prone to getting tossed in the trash. Your imagination is really all that is needed for a good hiding place, but I would caution you that you don't store cash in too many places or you could forget where you hid it. This happened to me when I had hidden some cash behind an item that I ended up giving to my daughter because I thought I didn't need it anymore. Imagine my surprise when she came into the living room and said, "Dad, I found an envelope with a lot of money in it". I gave her a twenty for a reward...

What about you? How much cash do you think you need to have on hand and what do you plan on spending it on if the grid goes down?