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# How to Increase Household Cash Flow

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## What is cash flow?

Cash flow is the amount of cash you receive each month. This includes your take-home pay plus other items, such as child support, tips, rental income, etc.

## How do you increase cash flow?

There are four ways you can increase your cash flow:

- Increase your income
- Sell some of your assets
- Decrease your expenses
- Take out a loan

## Increase your income

Of course, the best way to increase your cash flow is by increasing your income. Here are some suggestions for increasing your income:

### *Turn your hobby into a business*

Think about your hobbies and how you spend your free time. If you like playing tennis and you're good at it, you can teach young children in your town how to play. If you take good pictures and understand photography, ask your town's adult education department or local craft center if they are interested in offering a class that you can teach. Do you like to bake cookies? Do you like to write? List all the activities that you enjoy during your free time and see if you can turn them into extra cash. Once you start thinking, you will find many recreational activities that not only can give you extra income, but also enjoyment.

### *Find a part-time job*

You may want to consider finding a part-time job. Often, part-time jobs not only provide you with extra income, but also allow you to work in an industry where your normal career will not take you. For instance, if you love to read, take a part-time job at a bookstore or a library. You may find out about new books, and even get some discounts on your favorite ones.

### *Switch to a better paying job*

Find out the salaries of people working in positions similar to yours in other companies. Research what your industry is paying right now. If you feel that you are not adequately compensated, ask for a raise. If this doesn't work, it may be time to look for another job. If you find that there are better jobs within your own company, find out the qualifications needed and see if you can train for those jobs.

### *Become a sales person for sell-at-home parties*

There are several businesses that depend upon their associates selling through home parties. If you are a parent of a young child, this may work well for you since you can have flexibility and control over your schedule and still earn some extra income. Many companies are constantly looking to add to their sales force.

### *Adjust your withholding*

If you receive a big refund each year, consider adjusting your withholding. That refund represents a free loan you made to Uncle Sam. It is the money that you could have received every month by way of an increase in your cash flow. Talk to your employer about adjusting your withholding and thereby increasing your take-home pay.

**Caution:** Be careful not to reduce your withholdings so much that you end up owing taxes when April 15 rolls around.

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## ***Sell some of your assets***

If you look at what you own, you may find many assets that are no longer needed. They amount to cash sitting idle. Make a list of such items and decide if you can sell them. You may be pleasantly surprised at how much money you can free up by selling those assets. From the bike that you have outgrown to jewelry that you no longer wear, you may be able to sell off those items to increase your cash flow. If these items earn you a rather large sum of money, you can further increase your cash flow by investing in some income-producing assets.

**Tip:** Consider using a consignment store to sell your used goods. The store will display and sell your merchandise and split any proceeds with you. These shops are especially useful for clothing, children's toys, and sporting equipment.

## ***Decrease your expenses***

Look at all the expenses you have. For example, if you are paying for a second car, reconsider. Do you really need a second car? How much do you use that car? Think about your insurance policies. Are you really getting the "best" rates? Can you refinance your mortgage for a lower monthly payment? In any household, there are usually hidden expenses that can be reduced without your feeling the pinch.

## ***Take out a loan***

You can temporarily increase your cash flow by taking out a loan on your credit card or tapping into a home equity line of credit . However, you should be careful since these loans, especially credit card loans, often carry high interest rates that will increase monthly expenditures in the long run. If you have a temporary need to increase your cash flow, however, you may consider these sources.

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