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Now that the Fed raised rates, where to score the best yields on your cash

PUBLISHED WED, SEP 16 2026·3:07 PM EDT UPDATED 7 MIN AGO

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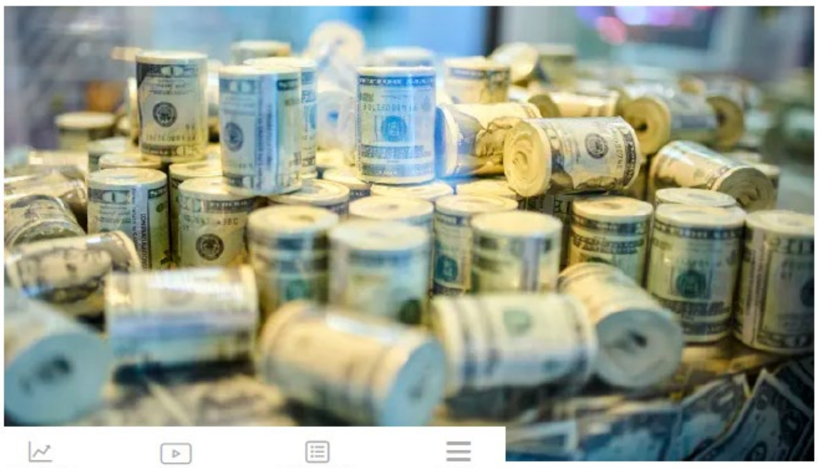

Investors should soon see better yields on their cash now that the Federal Reserve has hiked interest rates.

The central bank's Federal Open Market Committee voted unanimously to increase the federal funds rate by a quarter percentage point, to a target range of 3.75% to 4%, on Wednesday. It was the first hike since July 2023.

"The good news is you may see a little bit more [yield] on your high-yield savings accounts. You may see a little bit more on your CD [certificate of deposit] now," said certified financial planner Marguerita Cheng, CEO of Blue Ocean Global Wealth and a member of the CNBC Financial Advisor Council.

That said, there are some nuances — and varying yields available. In addition to high-yield savings and CDs, investors can stash cash in money market funds and Treasury bills. High-yield savings accounts and CDs are insured by the Federal Deposit Insurance Corporation, while Treasurys are backed by the U.S. government.

"It really comes down to: What's the purpose for the cash [and] how soon do you need it," Cheng said. "There are a lot of options depending on what your purpose is, your time horizon and your tax bracket."

Also bear in mind that while the income from cash-equivalent investments may seem attractive, inflation can eat away at your return. Chris Gunster, head of fixed income at Fidelis Capital, likes to keep his clients' cash balances at a minimum.

"It's all about inflation. It's what you earn after inflation and after taxes. If inflation continues to rise faster than the yields that you're earning on money market funds, you're not doing so well," he said.

Here are different options for your cash.

T-bills

T-bills, securities with a maturity of one year or less, react to the Fed's rate moves, Gunster pointed out. The most recent yield on bills already issued largely priced in Wednesday's rate hike ahead of the move.

Investors can buy bills on TreasuryDirect.gov in maturities from four to 52 weeks. While any earnings are subject to federal taxes, the income is exempt from state and local taxes.

US1M	U.S. 1 Month Treasury	3.866%	+0.015
US1Y	U.S. 1 Year Treasury	4.429%	+0.054
US2M	U.S. 2 Month Treasury	3.959%	+0.007
US3M	U.S. 3 Month Treasury	4.076%	+0.015
US6M	U.S. 6 Month Treasury	4.245%	+0.037
US6W	U.S. 6 Week Treasury	3.913%	-0.006

There are also exchange-traded funds focused on bills, such as the [iShares 0-3 month Treasury Bond ETF] (SGOV) and the [SPDR Bloomberg 1-3 Month T-Bill ETF] (BIL).

High-yield savings accounts

The annual percentage yields in high-yield savings accounts are also typically tied to the federal funds rate, although other factors could weigh in, such as the bank's deposit demand. Individual institutions make the call on their rates.

"Updates from bank management teams this week (not a single bank meaningfully changed their net interest income guidance) and from our meetings suggest that deposit competition is intense, but deposit promotions may have already priced in several additional rate hikes," Bank of America Securities analyst Ebrahim Poonawala said in a note Tuesday.

The high-yield rates are variable, which means investors can't lock in income when the Fed hikes.

HIGH-YIELD SAVINGS ACCOUNTS

TICKER	COMPANY	APY
ALLY	Ally Financial	3.00%
AXP	American Express	3.00%
BFH	Bread Financial	3.95%
COF	Capital One Financial	3.00%
HAPN	Happen (formerly LendingClub)	4.00%
GS	Marcus by Goldman Sachs	3.40%
SLM	Sallie Mae	3.75%
SOFI	SoFi Technologies	3.10%
SYF	Synchrony Financial	3.30%

Source: Bank websites, as of 9/15/26

Money market funds

Money market funds follow the fed funds rate. However, they won't immediately respond to the central bank's decision, so investors won't be able to participate in higher rates as quickly as if they were in T-bills, Gunster said.

That said, he prefers money market funds for his clients' cash. The current annualized seven-day yield on the Crane 100 list of the largest taxable money market funds is 3.79%, as of Tuesday.

"Money market funds are easy to do. You will get the increased rate, and even so, with yields where they are, it's not a bad investment right now," he said.

MONEY MARKET FUNDS

TICKER	FUND	7-DAY SEC YIELD	NET EXPENSE RATIO
SPAXX	Fidelity Government Money Market Fund	3.34%	0.42%
SWVXX	Schwab Prime Advantage Money Fund	3.51%	0.34%
VMFXX	Vanguard Federal Money Market Fund	3.63%	0.11%
FSOXX	Goldman Sachs Financial Square Government Fund A shares	3.26%	0.43%
FMPXX	Fidelity Investments Money Market Class I	3.60%	0.18%

Source: Fund websites, as of 9/15/26

For those in the highest tax bracket, Gunster believes large, high-quality municipal money market funds are the place to be. The short-term debt held in the funds is issued by state and local governments and the income is exempt from federal income taxes.

CD ladders

Investors can lock in rates in a certificate of deposit, which means the money stays put for the stated time. Early withdrawals are subject to penalty. The rates are set by the banks, just like those for high-yield savings accounts.

A good way to manage CDs is to own several, at varying maturities, known as a ladder, Cheng said.

“I don’t want people to tie all their money up for a year,” she said. “You could build a CD ladder with terms as short as six months, or seven months, nine months, and stagger it.”

CD RATES

TICKER	BANK	6-MONTH APY	9-MONTH APY	1-YEAR APY
ALLY	Ally Financial	3.50%	3.90%	4.00%
AXY	American Express	N/A	N/A	3.50%
BFH	Bread Financial	4.00%	4.25%	4.15%
COF	Capital One Financial	3.30%	3.75%	4.00%
HAPN	Happen	4.20%	N/A	3.50%
GS	Marcus by Goldman Sachs	3.95%	4.30%	3.90%
SLM	Sallie Mae	3.20%	3.20%	4.20%
SYF	Synchrony Financial	4.10%	3.90%	4.10%

Source: Bank websites, as of 9/16/26

Floating rate assets

For those who want to take the search for income a step further, floating-rate funds can be a good idea, Cheng said. That includes funds containing bank loans and collateralized loan obligations. CLOs are pools of floating-rate loans to businesses. Their payouts fluctuate in tandem with shifting short-term interest rates.

“I’m not saying that this is a cash replacement … but it’s a good way to ease into having your cash work a little bit harder,” Cheng said. “If you don’t need the income, reinvest. If you need the income, it is taxable, but it does pay a little bit more because it’s always resetting.”