GLOSSARY OF INVESTMENT VEHICLES

A **savings account** is an interest-bearing account that doesn't have a specific maturity date and can be withdrawn at any time. Interest is typically paid quarterly. These accounts are low-risk, low-return accounts.

A **certificate of deposit** (CD) pays interest at specified, fixed rates, and is insured by the Federal Deposit Insurance Corporation (FDIC). CDs have a minimum balance requirement (sometimes $500–$1,000) and ordinarily impose penalties for early withdrawals. These accounts are low-risk, low-return accounts.

A **money market account** is a type of savings account offered by banks and credit unions. Unlike regular savings accounts, though, money market accounts usually pay higher interest, have higher minimum balance requirements (often $1,000–$2,500), and have limited monthly withdrawals. Another difference is that, similar to a checking account, many money market accounts will let you write up to three checks each month. These accounts are generally insured by the FDIC and considered low-risk (www.fdic.gov/consumers/consumer/information/fdiciorn.html).

A **stock** is a share of a company that can go up or down in value. Stocks do not pay interest, but some pay dividends. Stocks can be bought and sold any time the market is open and are often higher-risk, but they offer potentially higher returns than some other investments.