

SAVINGS CHEAT SHEET

MONEY MARKET

MONEY MARKET ACCOUNTS ARE GENERALLY VERY SAFE INVESTMENTS WHICH RETURN A RELATIVELY LOW INTEREST RATE THAT IS MOST APPROPRIATE FOR TEMPORARY CASH STORAGE OR SHORT-TERM TIME HORIZONS.

AVERAGE RATE OF RETURN 2%

CERTIFICATE OF DEPOSIT

CDS ARE LOW RISK, LOW RETURN INVESTMENTS, AND ARE ALSO KNOWN AS "TIME DEPOSITS", BECAUSE THE ACCOUNT HOLDER HAS AGREED TO KEEP THE MONEY IN THE ACCOUNT FOR A SPECIFIED AMOUNT OF TIME, ANYWHERE FROM THREE MONTHS TO SIX YEARS.

AVERAGE RATE OF RETURN 3%

STOCK

A SHARE OF A COMPANY HELD BY AN INDIVIDUAL OR GROUP. CORPORATIONS RAISE CAPITAL BY ISSUING STOCKS AND ENTITLE THE STOCK OWNERS (SHAREHOLDERS) TO PARTIAL OWNERSHIP OF THE CORPORATION. STOCKS ARE BOUGHT AND SOLD ON WHAT IS CALLED AN EXCHANGE.

AVERAGE RATE OF RETURN VARIES

MUTUAL FUND

AN INVESTMENT VEHICLE THAT IS MADE UP OF A POOL OF FUNDS COLLECTED FROM MANY INVESTORS FOR THE PURPOSE OF INVESTING IN SECURITIES SUCH AS STOCKS, BONDS, MONEY MARKET INSTRUMENTS AND SIMILAR ASSETS.

AVERAGE RATE OF RETURN 8%

BOND

A DEBT INSTRUMENT ISSUED FOR A PERIOD OF MORE THAN ONE YEAR WITH THE PURPOSE OF RAISING CAPITAL BY BORROWING. THE FEDERAL GOVERNMENT, STATES, CITIES, CORPORATIONS, AND MANY OTHER TYPES OF INSTITUTIONS SELL BONDS. GENERALLY, A BOND IS A PROMISE TO REPAY THE PRINCIPAL ALONG WITH INTEREST (COUPONS) ON A SPECIFIED DATE (MATURITY).

AVERAGE RATE OF RETURN 4%

ANNUITY

A CONTRACT SOLD BY AN INSURANCE COMPANY DESIGNED TO PROVIDE PAYMENTS TO THE HOLDER AT SPECIFIED INTERVALS, USUALLY AFTER RETIREMENT. THE HOLDER IS TAXED ONLY WHEN THEY START TAKING DISTRIBUTIONS OR IF THEY WITHDRAW FUNDS FROM THE ACCOUNT. ALL ANNUITIES ARE TAX-DEFERRED, MEANING THAT THE EARNINGS FROM INVESTMENTS IN THESE ACCOUNTS GROW TAX-DEFERRED UNTIL WITHDRAWAL.

401-K

A RETIREMENT SAVINGS PLAN THAT IS FUNDED BY EMPLOYEE CONTRIBUTIONS AND (OFTEN) MATCHING CONTRIBUTIONS FROM THE EMPLOYER; CONTRIBUTIONS ARE MADE FROM YOUR SALARY BEFORE TAXES AND THE FUNDS GROW TAX-FREE UNTIL THEY ARE WITHDRAWN.

IRA

INDIVIDUAL RETIREMENT ACCOUNT. A TAX-DEFERRED RETIREMENT ACCOUNT FOR AN INDIVIDUAL THAT PERMITS INDIVIDUALS TO SET ASIDE MONEY EACH YEAR, WITH EARNINGS TAX-DEFERRED UNTIL WITHDRAWALS BEGIN AT AGE 59 1/2 OR LATER (OR EARLIER, WITH A 10% PENALTY).

TERM LIFE INSURANCE

A LIFE INSURANCE POLICY WHICH PROVIDES A STATED BENEFIT UPON THE HOLDER'S DEATH, PROVIDED THAT THE DEATH OCCURS WITHIN A CERTAIN SPECIFIED TIME PERIOD.

WHOLE LIFE INSURANCE

LIFE INSURANCE WHICH PROVIDES COVERAGE FOR AN INDIVIDUAL'S WHOLE LIFE, RATHER THAN A SPECIFIED TERM. A SAVINGS COMPONENT, CALLED CASH VALUE OR LOAN VALUE, BUILDS OVER TIME AND CAN BE USED FOR WEALTH ACCUMULATION.

[D&S]

abundant