Guaranteed DEPOSITS

- IT'S A -
MONEY THING®

What is a CERTIFICATE OF DEPOSIT?

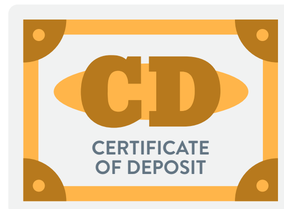
A Certificate of Deposit (CD) is a guaranteed investment product commonly sold by credit unions and banks. CDs differ from savings accounts in that the CD has a specific fixed term (typically three months to five years) and, usually, a fixed interest rate. The financial institution expects the CD to be held until a maturity date, at which time the funds can be withdrawn and interest is paid to the depositor.

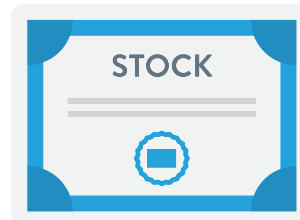
INVESTING CAN BE RISKY

Investments made in stocks carry the risk of losing money, even when made through a financial advisor or financial institution

CDs vs. Stocks

If you have some extra cash on hand that you are looking to invest, CDs and stocks are two options to consider. There are major differences between the two, including flexibility, returns, the level of risk you are exposed to and the ideal length of your investment.





Level of risk	CDs offer a guaranteed interest rate, no matter what happens to the economy or the financial markets	Stocks can be risky, since your investment value might rise or fall because of market conditions or corporate decisions
Insurance	Most CDs sold by credit unions and banks are insured up to $250,000 by the National Credit Union Administration (NCUA) or the Federal Deposit Insurance Corporation (FDIC)	Stocks are not insured and offer no protection to investors; investments in the stock market are not insured by the NCUA or the FDIC because they do not qualify as financial deposits
Ideal length	CDs are generally best for short- to medium-term investments from one to five years	Stocks are typically better for long-term investments when you have time to ride out short-term losses
Flexibility	CDs lack liquidity because you have to leave your money in the CD for the term you've agreed to; otherwise, you'll likely have to pay sizable early withdrawal penalties that could wipe out your returns	Stocks are very flexible, as they can be bought and sold at any time (most often, stocks are bought and sold on stock exchanges such as the Nasdaq or the New York Stock Exchange)
Returns	CDs offer relatively low returns, a feature they share with other types of low-risk investments	Historically, stocks have outperformed most other investments over the long run

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