

Options for storing your savings

Here are some common ways you can store your savings, along with a few general benefits and risks of the different options.

As you review each option, consider how safe your money would be, what it costs to store your money in this way, and how easily you can get your money when you need it (known as liquidity).

Savings option	Benefits	Risks
<p> Certificate of deposit (CD)</p> <p>A savings tool from a bank or credit union that has a fixed maturity date and a fixed interest rate</p>	<ul style="list-style-type: none"> ▪ May offer higher rate of interest than a savings or money market deposit account ▪ Designed to hold the funds for three to 12 months or longer ▪ May offer higher interest rates for higher deposits or longer terms 	<ul style="list-style-type: none"> ▪ Often requires a minimum deposit ▪ Can't access your money without penalty until the CD matures
<p> Checking account</p> <p>An account at a bank (sometimes called a share draft account at a credit union) that allows you to make deposits, pay bills, and make withdrawals</p> <p>Some banks and credit unions offer special accounts, for example, a student checking account</p>	<ul style="list-style-type: none"> ▪ You can usually have your paycheck automatically deposited in your account – this is called “direct deposit” ▪ Use ATM (automated teller machine) card, debit card, or write checks to access or spend your money ▪ The bank or credit union provides a record of your transactions – monitoring this information helps you manage your money ▪ Almost all deposits are insured for up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA). This means that if your bank or credit union fails or goes out of business, the federal government will cover any loss of your deposits up to \$250,000. 	<ul style="list-style-type: none"> ▪ May have fees ▪ May have overdraft fees if you spend more than what's in your account ▪ May pay fees to withdraw money from ATM (usually free to use bank's or credit union's ATMs) ▪ May require parent or guardian to be on the account if under 18

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 Friends and family Having a friend or family member keep your money for you	<ul style="list-style-type: none"> ▪ No minimum balance ▪ Someone else can help you manage your savings ▪ Usually quick to get access 	<ul style="list-style-type: none"> ▪ Can be lost, stolen, or destroyed in a fire or natural disaster ▪ Risk to your money and relationship if this person betrays your trust
 Health savings account An account at a bank, insurance company, or other financial institution that lets you set aside pre-tax money, sometimes directly from your paycheck, to pay for eligible medical expenses	<ul style="list-style-type: none"> ▪ Account can earn interest ▪ The interest or other earnings on the account are tax-free ▪ The account stays with you if you change employers or leave the work force 	<ul style="list-style-type: none"> ▪ You have to have a certain kind of health insurance and meet other conditions to set up an account ▪ You may not have the same rights to get your money back if your health savings account card is stolen ▪ There may be rules on what type of spending is allowed
 Home Storing money in your house	<ul style="list-style-type: none"> ▪ Easily add to your stash ▪ Access your money at any time ▪ Privacy 	<ul style="list-style-type: none"> ▪ May be tempting to spend your cash ▪ Can be lost, stolen, or destroyed in a fire or natural disaster ▪ No interest earned

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<p> Money market deposit account</p> <p>Federally insured account at a bank or credit union that offers a higher rate of interest than a savings account, allows for a limited number of transactions monthly, and may require a minimum deposit or minimum account balance.</p>	<ul style="list-style-type: none"> ▪ May have higher interest rate than savings account ▪ Often pays higher interest rate for bigger balances in account ▪ Can write a check from this account 	<ul style="list-style-type: none"> ▪ Often requires a minimum balance to open the account and avoid fees ▪ Limited to writing checks or withdrawing funds up to six times per month ▪ No ATM or debit card
<p> Prepaid card</p> <p>A card on which you load money in advance to spend. While a prepaid card might look like a debit or credit card, there are differences. A debit card is linked to your checking account. When you use a credit card, you're borrowing money. A prepaid card is not linked to a checking account or credit union share draft account. In most cases, you can't spend more money than you have already loaded onto your prepaid card.</p> <p>(NOTE: A payroll card is a type of prepaid card you get from your employer that you receive your paycheck on. Employers can't require you to receive your pay on a payroll card. They have to offer you at least one other method of payment.)</p>	<ul style="list-style-type: none"> ▪ Easy to access your money ▪ Card is convenient ▪ Don't need a bank or credit union account ▪ Many prepaid cards don't allow you to spend more than you have in the account – that means no overdraft fees 	<ul style="list-style-type: none"> ▪ May lose money to fees to activate card, use card, or load more money (may cost more than a bank account) ▪ May not have same features or protections as a bank account for theft or errors (review the card's policies)

Savings option	Benefits	Risks
<p> Savings account</p> <p>An account at a bank or credit union (sometimes called a share savings account at a credit union) used to set aside money and that pays you interest</p>	<ul style="list-style-type: none"> ▪ Money earns interest; high-yield savings accounts earn more interest than regular savings accounts ▪ Use ATM (automated teller machine) card or debit card to access or spend your money ▪ Monitoring your record of transactions helps you manage spending ▪ Almost all deposits are insured for up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA). This means that if your bank or credit union fails or goes out of business, the federal government will cover any loss of your deposits up to \$250,000. 	<ul style="list-style-type: none"> ▪ Limit on transfers may make it harder to use your money ▪ May need a minimum balance to avoid a fee ▪ Need a higher minimum balance for high-yield savings accounts
<p> U.S. savings bonds</p> <p>Interest-bearing savings security issued by the U.S. government for a set amount of money</p>	<ul style="list-style-type: none"> ▪ Issued by the U.S. government ▪ Money earns interest ▪ Digital, so can't be lost or destroyed (record maintained by U.S. Treasury) 	<ul style="list-style-type: none"> ▪ Hard to get your money quickly ▪ Loses some interest if you cash the bond before it matures ▪ Taxed on the interest you earn (some savings bonds have no federal tax when used to pay for qualified higher education expenses)