# Handout A

## Popular investment options

| Options | Description | Pros | Cons |
|---|---|---|---|
| Certificates of Deposit (CDs) | A saving certificate issued to you by a bank that states how much money you have deposited, the interest rate, and the minimum period that the money must stay deposited | • Higher interest rates than savings accounts | • Requires a minimum deposit (usually up to $2,500)<br>• Typically have to pay penalties if you withdraw money before the set period is over that you chose when you invested in the CD |
| Bonds | Loan you give to corporations or governments to help pay their expenses | • Government and companies guarantee to pay you back<br>• Higher interest rate than savings account<br>• Earn fixed interest<br>• Minimum purchase | • Takes a long time to reach the full value. (You buy a $100 savings bond for $25 and it will take years for it to be worth $100) |
| Stocks | You buy shares of ownership in a company | • Earn money when stock prices rise<br>• Generally "outperform" other investment options<br>• Variety of choices | • Lose money when stock prices fall<br>• Value always changing<br>• No guaranteed profit on the money you invest |
| Mutual Funds | You give money to a financial organization. That organization pools your money with others and invests in stocks and bonds | • Money is spread over various types of investments so you are protected from changes in the stock prices | • Minimum investments are required<br>• Lack of control (Money manager handles the account—decides what to buy and sell) |
| Savings Account | An account that earns interest at banks or credit unions | • Requires small amount to open<br>• Money is insured by the government (If someone robs the bank, you are guaranteed to get your money back) | • Lower interest rates |

© 2013 PricewaterhouseCoopers LLP. All rights reserved. PwC refers to the United States member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.