

## Saving Options for Emergency Funds

Emergency funds should have liquidity, be safe and easily accessible. Evaluate the advantages and disadvantages of the financial products listed below to determine the best option for your emergency fund.

1 – 2 month’s savings	Advantages	Disadvantages
<b>Savings account</b> <ul style="list-style-type: none"> <li>• Completely liquid and stable</li> <li>• Conveniently accessed through a financial institution</li> </ul>	<ul style="list-style-type: none"> <li>• FDIC insured up to \$100,000</li> <li>• May withdraw funds at any time without penalty</li> <li>• Minimum required balances are usually very low</li> <li>• Can often be used to “back up” checking account in case of overdraft</li> </ul>	<ul style="list-style-type: none"> <li>• Interest rates on savings are very low -usually below inflation</li> </ul>
<b>Money market deposit account</b> <ul style="list-style-type: none"> <li>• Conveniently accessed through a financial institution</li> <li>• May have rules regarding transactions and minimums</li> </ul>	<ul style="list-style-type: none"> <li>• FDIC insured up to \$100,000</li> <li>• Pays a little more interest than savings accounts</li> <li>• Can often be used to “back up” checking account in case of overdraft</li> </ul>	<ul style="list-style-type: none"> <li>• Interest rates are low</li> <li>• May pay a penalty for more than a certain number of withdrawals per year</li> <li>• May require a higher minimum balance than savings account</li> </ul>
3 – 6 months’ saving’s	Advantages	Disadvantages
<b>Certificate of Deposit</b> <ul style="list-style-type: none"> <li>• Purchase through a financial institution or broker</li> <li>• Maturities usually range from 3 months to 5 years or more</li> </ul>	<ul style="list-style-type: none"> <li>• Higher return than savings or money market deposit accounts</li> <li>• FDIC insured if purchased through a financial institution</li> </ul>	<ul style="list-style-type: none"> <li>• Penalty for withdrawal before the CD matures</li> </ul>
<b>Treasury bills</b> <ul style="list-style-type: none"> <li>• May purchase online or from a financial institution or broker</li> <li>• May also purchase through auction</li> <li>• Purchased at discount from face value and attain face value maturity</li> </ul>	<ul style="list-style-type: none"> <li>• Maturities offered at 4, 13 &amp; 26 weeks</li> <li>• High yield relative to money market and savings accounts</li> <li>• May be sold before maturity without additional penalty</li> </ul>	<ul style="list-style-type: none"> <li>• When purchasing or selling through broker or financial advisor, may incur fees</li> </ul>
<b>Money market mutual fund</b> <ul style="list-style-type: none"> <li>• Purchase from broker or financial organization</li> </ul>	<ul style="list-style-type: none"> <li>• Access to funds without early-withdrawal penalties</li> <li>• Considered a very safe investment</li> <li>• Usually yields higher return than savings or money market deposit accounts</li> <li>• Can usually access funds quickly</li> </ul>	<ul style="list-style-type: none"> <li>• When purchasing or selling through broker or financial adviser, may incur fees</li> </ul>

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