1 = low
2 = medium
3 = high

Mattress

You could hide your money under a mattress.

Financial Risk	1	2	3	Why?
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

Regular (Passbook) Savings Account

The Federal Deposit Insurance Corporation (FDIC) insures savings accounts for up to $250,000. Interest rates on these accounts are usually lower than rates for other savings and investment choices, but you can open an account with very little money and you can withdraw your money whenever you like.

Financial Risk	1	2	3	Why?
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

Certificate of Deposit (CD)

CDs are a special type of savings deposit that you must leave in the bank for a set amount of time, during which you receive a fixed rate of interest. The FDIC also insures these accounts for up to $250,000. Banks usually require that you deposit at least $500 in a CD. If you withdraw your money before the end of the agreed-upon time, you must pay a penalty—usually in the form of forgone interest earnings.

Financial Risk	1	2	3	Why?
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

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Money Market Mutual Funds

These funds are sold by investment companies that pool investors' funds and use the funds to purchase very safe and very liquid short-term financial products offered by businesses and governments. For every dollar put in such a fund, an investor can expect to get back a dollar plus interest. Although money market mutual funds are not insured by the federal government, they are low-risk investments. Interest rates are usually higher than rates on bank accounts but lower than returns for stocks and bonds bought and held for the long term. Investors can get their money out of a money market mutual fund at any time. Some funds also allow investors to write checks on their accounts.

Financial Risk	1	2	3	**Why?**
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

Stocks

Stocks are shares of ownership in a corporation. When you buy stock, you take the risk that the value of the company might decline. Such a decline would reduce the value of your ownership stake. Some stocks make quarterly payments to investors, which are called dividends. Your return for stock ownership will vary, depending on what happens to the prices of the shares and the dividends received. Stocks on exchanges such as the New York Stock Exchange and NASDAQ can be bought and sold whenever the exchange is open. The amount of money you need to buy stock depends on the prices of the stocks you want to buy and the number of shares you want.

Financial Risk	1	2	3	**Why?**
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

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U.S. Government Savings Bonds

You can buy savings bonds from the federal government for as little as $25. You can't sell these bonds to other people, but the government will redeem them after they have been held for a minimum amount of time. If you need to sell them before maturity, there may be a penalty in the form of loss of interest.

Financial Risk	1	2	3	**Why?**
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

Stock Mutual Funds

Stock mutual funds are offered by investment companies that pool funds from individual investors to purchase stocks. The risk depends on the investment objective. Some funds invest in high quality, blue-chip stocks; others invest in more speculative stocks. The major difference in buying a fund rather than individual stocks is that you indirectly own many stocks in a mutual fund, and you don't have all your eggs in one basket. Therefore, the risk is lower than the risk that comes with owning an individual stock. You can sell your shares in the fund back to the fund company at any time.

Financial Risk	1	2	3	**Why?**
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

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Stock Index Funds

Stock index funds are mutual funds that invest in groups of stocks that mirror segments of the stock market. For example, an S&P 500 index fund would invest in the companies in the S&P 500 index—primarily large-cap U.S. stocks. Index funds require no selection or decisions by fund managers, so they have lower fees than other mutual funds. Index funds outperform managed funds most of the time. Index funds provide diversity and high performance with relatively low fees. They are a great choice for individual investors.

Financial Risk	1	2	3	**Why?**
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

Real Estate

Most investors in real estate buy the house they live in. Houses can increase in value, but housing prices can also fall. Sometimes when prices do rise, they rise less than the inflation rate. To sell your house, you must find a buyer. Many buyers and sellers use real estate brokers.

Financial Risk	1	2	3	**Why?**
Market Risk	1	2	3	
Liquidity Risk	1	2	3	
Inflation Risk	1	2	3	
Reward	1	2	3	

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