

TYPES OF SAVINGS ACCOUNTS

Account	Money Liquidity	Benefits	Drawbacks
<p>Savings Account Allows you to set aside money while earning interest. Good for long-term and emergency savings.</p>	<p>Easily Accessible Funds can be withdrawn anytime.</p>	<p>Earns Interest Earns higher interest rates than checking accounts. Online savings accounts may offer higher rates.</p>	<p>Limited Access There are limits to how many transfers and withdrawals you can make each month.</p>
<p>Money Market Account (MMA) A type of savings account that pays interest based on the current market. Good for long-term and emergency savings.</p>	<p>Easily Accessible The money can be withdrawn anytime. May have transaction limits.</p>	<p>Higher Interest Rates Generally, earns a higher interest rates compared to a regular savings account.</p>	<p>Higher Requirements Often requires higher minimum deposits and balances than a regular savings account.</p>
<p>Certificate of Deposit (CD) You deposit money for a fixed period with a bank that will pay you interest. Good for long-term savings.</p>	<p>Restricted Accessibility The money is tied up for the life of the certificate.</p>	<p>Higher Interest Rates Earns a higher interest rate than MMA's and general savings accounts. The longer the time commitment the higher the interest rate you will earn.</p>	<p>Penalty for Early Withdrawal You pay a penalty if you withdraw money before the term is up.</p>
<p>Individual Development Account (IDA) – Matching Savings Enables you to save for education, the purchase of a first home, or to start a business. Good for long-term savings.</p>	<p>Restricted Accessibility The money is tied up for the term of the program. IDA programs typically require participants to complete financial literacy classes.</p>	<p>Savings Matching Every dollar saved by the consumer is matched by funds from private or public sources.</p>	<p>Restricted Use The funds are restricted to specific uses including home purchases, small business start-up, or education/job training.</p>
<p>529 Education Accounts Tax-advantaged accounts designed specifically for education savings. Good for long-term savings.</p>	<p>Cash is Liquid The money can be withdrawn anytime to pay for qualified education expenses.</p>	<p>Tax Free Growth Earnings are free from federal income taxes and, in many cases, state taxes provided withdrawals are used to pay for qualified education costs.</p>	<p>Restricted Use If the money is not used for qualified education expenses, earnings are subject to federal income taxes and a penalty.</p>
<p>Traditional Individual Retirement Account (IRA) Allows you to save for retirement with tax advantages. Good for long-term savings.</p>	<p>Cash is not Liquid The money is tied up until you are of retirement age.</p>	<p>Tax Deferred Your contributions and gains are not taxed until you withdraw the money.</p>	<p>Penalty for Early Withdrawal Withdrawals made before retirement age will be taxed as income and assessed a penalty.</p>
<p>401K Employer Sponsored Retirement Account. Allows you to save for retirement with tax advantages. Good for long-term savings.</p>	<p>Cash is not Liquid The money is tied up until you are of retirement age.</p>	<p>Savings Matching Employer may match contributions up to a certain amount, giving you free money toward retirement.</p>	<p>Penalty for Early Withdrawal Withdrawals made before retirement age will be taxed as income and assessed a penalty.</p>