

Name: Wing-Key

Period: \_\_\_\_\_ Date: \_\_\_\_\_

Types of Investments

Type of Investment	Description	Is my principle guaranteed?	How is it risky?	Risk comparison vs. other investment types
Piggy Bank	Keeping your money in a safe place (jar, piggy drawer) <sup>in address</sup>	Probably	Someone could steal it	Low risk
Savings Account	A bank account that earns interest based on the amount in the account <sup>calculated monthly</sup>	FDIC, NCUA insured	not very risky if FDIC insured	Low risk
2% 25% Money Market Account	An investment bank account that earns interest based on the amount in the account * less liquid than savings acct.	↓	↓	low risk higher earning potential based on being less liquid
4% 5% 6% Certificate of Deposit or Term Deposit 1 yr 3 yr 5 yr	An investment bank account that earns interest based on how long you <del>lend</del> <sup>lend</sup> the bank your money * <del>less money</del> <sup>less</sup> than MM	↓	↓	low risk
Municipal Bond	a loan to a state, county, municipality (JSP, city) to finance schools, rec center, etc.	Probably	not very b/c loan to gov. ↑ % usually ↑ risk	safest kind of bond b/c backed by the gov. low risk
Corporate Bond	a loan issued by a corporation and sold to investors (building more factories)	Not always	Corporations aren't always successful	more risky than municipal bond <del>medium</del> risk

liquidity: how quickly an asset can be turned into cash

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Type of Investment	Description	Is my principle guaranteed?	How is it risky?	Risk comparison vs. other investment types
Share of private stock	<del>Another</del> investment in a private company No set interest rate, depends on value of the company	No	private company may not be successful	More risky than bond higher earning potential
Share of public stock	A portion of a public company that is traded on the stock exchange, based on the value of the company	No	the value of stocks rises and falls each day subject to how well the economy is doing	higher risk
Real Estate	Buy a home and once the mortgage is paid, you own the home - land & home may increase in value Buy a property & another person lives in the rental & pays the rent	No	value of land and property can decrease	higher risk
Mutual Fund	Investors pool their \$ together to invest in 90-200 individual companies	No	Some <del>stocks</del> investments may go down	less risky than investing in just a few stocks alone
Index Fund	type of mutual fund that tracks or matches a market index	No	Some investment go down Dependent on how the market is doing	less risky than a mutual fund
Precious Metals & Collectibles	Buy collectibles and metals with anticipation that the value will increase later <small>old coins</small> gold, jewelry, coin antiques	No	the value or worth is what someone is willing to pay for it	Top of pyramid Most risk

Diversification: sharing the risk by investing in a variety of investments (not putting all eggs in one basket)