



Basic Investing

Once you meet your basic budget needs, including saving for non-monthly and unplanned expenses, you will want to start saving for your goals. Saving through a savings account offers safety, but the interest rate rarely covers inflation and taxes. You will want to consider investment vehicles that have tax advantages and provide a higher return with little additional risk.

Tax-Advantaged Accounts

If your goal is to save for retirement, some investments provide tax advantages that will increase your return regardless of the investment vehicle. 401(k)s, 403(b)s, traditional IRAs, and other similar plans defer income tax until you withdraw your money. Your investment will grow much more quickly. Additionally, if your employer has a matching program, it is like doubling your investment. Roth IRAs provide tax deferral on the income but no tax deduction. Borrowing from a 401(k) or similar account will greatly reduce your return and may have serious tax consequences. If your goal is to save for college education, 529 plans may provide withdrawals that are free of federal taxes. Depending on the plan you choose, the withdrawals may be free of state and local taxes as well. Some states offer a tax deduction for contributions and may offer a matching program for in-state enrollment.

Certificates of Deposit (CDs)

Certificates of deposit are insured bank deposits for a specific time and interest rate.

- They require a minimum investment.
- The interest rate will usually be higher than a savings account.
- There are penalties for early withdrawal.
- You can easily comparison shop for higher rates.
- CDs are a low-risk investment.

Bonds

Bonds are debt obligations of corporations or governments. Generally, they are a promise to pay a specific amount at a specific time and interest rate. When you buy a bond, you are lending money to the issuer.

- There are fees to buy and sell bonds.
- Municipal bonds offer some tax advantages.
- There is a risk of loss depending on the issuer.
- There is a risk of loss if you must sell before maturity.
- Bonds may not keep pace with inflation.
- There is a risk of default depending on the credit of the issuer.

Stocks

Stocks are shares of ownership in a corporation. Shareholders have a stake in the profits and losses of the corporation.

- There are fees to buy and sell stocks.
- There is a financial risk that the company will not be successful. You could lose part or all of your investment.
- There is a market risk. The stocks might go down in value due to a downturn in the economy.
- Stock Investments require a significant amount of research and oversight.

Mutual Funds

Mutual funds raise money by selling shares to the public. They invest that money into a portfolio of investments.

- · You can invest small amounts of money.
- You can reduce risk through diversification.
- Mutual funds are easier to research than individual stocks and bonds.
- · You can invest automatically.
- · Some mutual funds may charge high fees.

Real Estate

Purchasing property has historically provided high returns. Investors can make small down payments and acquire multiple properties.

- There may be tax advantages.
- Investors can use leverage (i.e., borrowing) to increase the yield on the investment.
- Real estate is complex and requires careful research.
- Investors can lose money due to unpredictable costs, unreliability
 of income, difficulty with selling, inexperience in managing property and downturns in the economy.

Resources to Help You Decide

Bankrate gives a comparison of rates for CDs.

www.bankrate.com

Morningstar analyzes and rates stocks, bonds and mutual funds.

www.morningstar.com

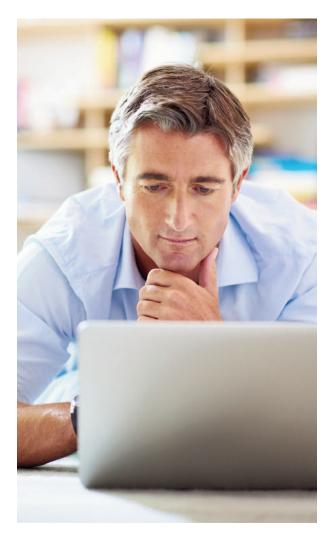
The Securities and Exchange Commission (SEC) provides information about securities.

www.sec.gov

Yahoo! provides information on stocks, bonds and mutual funds. It also includes links to other sites.

www.finance.yahoo.com

This brochure is meant to give a brief overview of investments and should not be used to make investment decisions. If you need more information, please refer to the sources above or contact us.



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