BONDS

- Large organizations — companies, the federal government and state and local governments — need to borrow money occasionally. They often do so by selling bonds.
- By purchasing a bond, you lend money to its issuer. In return, the issuer agrees to pay you a certain interest rate over a period of 1 to 30 years or longer. The issuer promises to pay the face amount on the bond's maturity date while making the stated interest payments regularly.
- The value of a bond will fluctuate throughout the life of the bond.
- Corporate bonds are only as reliable as the company issuing them. Before you invest, consider what might happen to the company over the life of the bond.
- Federal bonds are issued by the U.S. government — through the U.S. Treasury. Bonds are also issued or guaranteed through federal agencies or government-sponsored enterprises. These bonds are called agency bonds. Federal bonds tend to be safer than other investments if held to maturity.
- Municipal bonds are issued by state and local governments to help pay for schools, streets, airports and other public works. Risk and liquidity vary greatly among these bonds, so do your homework when considering them.

REAL ESTATE

Real estate properties should be considered long-term investments. Consider the following:

- Real estate may be used as a hedge against inflation. Real estate values generally rise with inflation, but this does not always occur.
- Real estate investments are generally not readily convertible into cash.
- Investing in real estate could mean you have to come up with more money in the future for real estate taxes, repairs and maintenance.
- Real estate investments can suffer loss if a geographic area experiences a local recession.