

LOWER-RISK SAVINGS FOR SHORT-TERM FINANCIAL GOALS



SAVINGS ACCOUNTS

- » Let you save money while earning interest.
- » Highly liquid — you can withdraw funds whenever needed.
- » Your money is generally insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000* for each account.
- » Rates of return are low.

CERTIFICATES OF DEPOSIT (CDs)

- » Let you save money while generally earning a higher rate of return than regular savings accounts and money market accounts.
- » Money has to remain invested for a specified period — from 30 days to 10 years. Substantial penalties may be charged for early withdrawals.
- » Considered a low-risk investment, but not all CDs are insured by the FDIC.

MONEY MARKET ACCOUNTS

- » Let you save money while generally earning a higher rate of return than regular savings accounts.
- » Highly liquid — you can withdraw funds whenever needed and may be able to write checks against the balance.
- » May require a minimum balance to earn interest.
- » May charge service or transaction fees.

U.S. SAVINGS BONDS

- » One of the safest investments you can make.
- » Pay a fixed amount of interest.
- » Interest can be paid from 1 to 30 years. It is generally best to hold savings bonds until they mature. Selling them earlier generally results in a reduced return or penalty.
- » Earnings are exempt from state and local income taxes, but not federal income taxes.

U.S. TREASURY BILLS (T-BILLS)

- » Loans to the federal government.
- » One of the safest investments you can make.
- » Earnings are exempt from state and local income taxes, but not federal income taxes.
- » Maturity dates vary and are 1 year or less. Generally, the longer the maturity, the higher the rate of return.

SAVINGS DEPOSIT PROGRAM (SDP)

- » Service members deployed in designated combat zones, qualified hazardous duty areas or certain contingency operations can earn 10% interest annually (compounded quarterly) on money deposited into the SDP.
- » You may deposit up to \$10,000 of your unallotted pay and allowances.
- » Deposits may begin on your 31st consecutive day in your deployment region and must end on your date of departure from your deployment region.
- » More than one deposit may be made in each month, but the total cannot exceed your monthly unallotted pay and allowances.
- » The account stops accruing interest 90 days after returning from your deployment region.
- » Emergency withdrawals may be made when authorized by the member's commanding officer.
- » Interest accrued on earnings deposited into the SDP is taxable for federal income tax purposes.
- » Contact your installation's finance office or visit the Defense Finance and Accounting Service (DFAS) website at [dfas.mil](https://www.dfas.mil) for more information.

* The standard FDIC insurance amount is \$250,000 per depositor, per insured institution, for each account ownership category.