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Nebraska Cooperative Extension is participating in a national financial education initiative called ***Money 2000+***. Millions of people nationwide are getting richer by increasing their savings and reducing debt. As savings are accumulated consider this "baker's dozen" of saving and investing ideas for ideas about where to put savings.

1. **Bank passbook savings account**. A typical financial account is a good place for the first $500 or so. Advantages include safety of principal and liquidity. Be aware of any minimum balance required to avoid fees.
2. **Certificates of deposit (CDs)**. Minimum denominations are often $250 to $500. CDs pay a fixed rate of interest for a fixed time. The longer money is tied up, the higher the interest earned. Penalties are levied for redemption before maturity.
3. **Christmas (holiday) clubs**. Usually little or not interest is paid on "club" accounts. Major advantages, however, are reinforcement of systematic savings with weekly coupon books and the ability to save small weekly amounts.
4. **Corporate bonds**. These are IOUs issued by a company and typically sell for $1,000. Investors receive a fixed amount of interest at regular intervals, generally every six months, until the bond matures. Then they get back their principal. Choose investment-grade securities.
5. **DRIP stocks**. Almost 1,000 publicly traded companies allow investors to buy stock directly from the company through dividend reinvestment plans (DRIPS). Minimum investments are very affordable, often just $100. For additional information, consult the book *No Load Stocks* (1995) by Charles Carlson.
6. **Employer retirement plans**. Specific plans are 401(k) for corporate employees, 403(b) for school and nonprofit employees, and Section 457s for county and municipal government workers. Savings come right out of your paycheck. Minimum per-paycheck savings could be as little as $10 per pay period or 1 percent of salary. Study the investment options available to plan participants, and select some growth products (e.g., S&P 500 index funds, growth funds, growth and income funds) if retirement is 5-10 years (or more) in the future.
7. **Growth and/or income mutual funds**. Owning shares in a mutual fund gives you an ownership interest in the stocks (growth funds), bonds (income funds), or other securities that comprise its portfolio. A professional manager is hired to make investment decisions. Many funds require

initial deposits of $2,000 or less. Subsequent deposits are generally much lower (e.g., $100). Funds that require more than $2,000 often accept less for IRAs, sometimes as little as $500. Check the fund prospectus for details.

8. **Individual Retirement Accounts**. IRAs are not an investment per se but, rather, a place to put products (e.g., CDs, mutual funds) selected for retirement savings. All workers with earned income can contribute up to $2,000 annually. One-earner and two-earner couples can contribute up to $4,000 per year. Minimum investment amounts vary according to the investment selected, but can be as low as $250 to $500. You don't have to save the $2,000 all at once.
9. **Money Market mutual funds**. This type of mutual fund invests in short-term (a year or less) debt obligations issued by governments, government agencies and corporations. The minimum initial investment is often $1,000 or less, and limited check-writing (e.g., minimum check size of $250 or $500) may be available. Although the short maturity of investments in a money market fund's portfolio helps keep share prices stable, they are not insured. People concerned about high taxes can purchase shares in a tax-free money market fund issued by their state of residence. Money market funds should not be confused with money market deposit accounts (MMDAs), which are a bank product and do carry FDIC insurance.
10. **Treasury notes and bonds**. Treasury notes are issued for 2- to 10-year durations. For notes with 4- to 10-year maturities, the minimum investment is $1,000 or $2,000. Treasury bonds are issued in denominations of $1,000 for 10 to 30 years. Purchase Treasury notes and bonds directly from the Federal Reserve Bank, through its Treasury Direct system, or through a bank or brokerage firm, where you will be charged a fee.
11. **Unit Investment Trusts (UITs)**. Sold by brokerage firms, unit trusts are a portfolio, usually of bonds or mortgage-backed securities (e.g., Ginnie Maes), that are sold to investors in small pieces called units. The cost of a unit is generally $1,000. Unlike mutual funds, however, UITs are not professionally managed. Instead, the securities in the portfolio are simply held to generate interest, which is distributed proportionately to investors. When the bonds in a UIT mature or are called, investors get back part of their principal. When the last bond in the portfolio is redeemed, the trust ceases to exist.
12. **U.S. savings bonds**. EE savings bonds can be purchased at banks and through employer payroll deduction plans. They are purchased for one-half of their fact value (e.g., $25 for a $50 bond) and come in denominations including $50, $75, $100, $200, $500, and $1,000. Interest is added to the value of the bonds every 6 months according to a formula based on the current yields available on Treasury securities.
13. **Zero coupon bonds**. "Zeros" are bonds issued by governments or corporations that sell at a deep discount to face value (generally $1,000). Unlike other bonds that pay semiannual interest, they don't pay out anything until maturity when an investor receives $1,000. The "phantom income" (interest) that is earned until then accumulates and is taxable each year. Investors with a 15- to 20-year horizon can purchase a $1,000 zero for around $200-$300 depending on the interest rate earned.

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