

Investment Vehicles Reference Sheet

Quick reference for savings and investment options, time horizons, and asset allocation

Vehicle	Risk Level	Expected Return	Liquidity	Time Horizon	Best For
Savings Account	Very Low	0.5% - 5%	Very High	Immediate - 1 year	Emergency funds, short-term goals
Money Market Account	Very Low	1% - 5%	High	Immediate - 2 years	Higher-yield liquid savings
Certificate of Deposit (CD)	Low	1% - 5%	Low	6 months - 5 years	Guaranteed returns for fixed periods
Government Bonds	Low	2% - 5%	Moderate	1 - 30 years	Safe, predictable income
Corporate Bonds	Moderate	3% - 7%	Moderate	3 - 10 years	Higher yields with moderate risk
Bond Mutual Funds	Low-Moderate	3% - 6%	Moderate	3 - 10 years	Diversified fixed-income
Balanced Mutual Funds	Moderate	5% - 8%	Moderate	5 - 15 years	Growth with some protection
Index Funds/ETFs	Moderate-High	7% - 10%	High	5+ years	Low-cost market returns
Growth Mutual Funds	High	8% - 12%	Moderate	7+ years	Long-term wealth building
Individual Stocks	High	Variable (-50% to +100%)	High	5+ years	Experienced investors

FDIC-Insured Options

- Savings accounts (up to \$250,000)
- Money market accounts
- Certificates of Deposit (CDs)

FDIC insurance protects your principal even if the bank fails.

Non-Insured Options

- Stocks and stock funds
- Bonds and bond funds
- Mutual funds and ETFs

May lose value but offer higher return potential.

Matching Time Horizons to Investments

Short-Term (0-3 years)

Emergency fund, car purchase, vacation, small purchases

[Savings, Money Market, Short CDs](#)

Medium-Term (3-10 years)

Home down payment, education, starting a business

[CDs, Bonds, Balanced Funds](#)

Long-Term (10+ years)

Retirement, children's college, wealth building

[Stock Funds, Index Funds, ETFs](#)

Risk Tolerance Profiles

Conservative

- Cannot afford losses
- Prioritizes safety
- Accepts lower returns
- Sleeps well at night

Moderate

- Can tolerate some loss
- Balanced approach
- Diversified portfolio
- Growth with protection

Aggressive

- Comfortable with volatility
- Maximizes growth
- Long time horizon
- Can wait out downturns

Sample Asset Allocations by Age/Time Horizon

Young Adult (40+ years)



80% Stocks / 15% Bonds / 5% Cash

Mid-Career (20-30 years)



70% Stocks / 25% Bonds / 5% Cash

Pre-Retirement (10-20 years)



50% Stocks / 40% Bonds / 10% Cash

Retirement (0-10 years)



30% Stocks / 50% Bonds / 20% Cash

Key Terms

Diversification: Spreading investments across different asset types to reduce risk

Liquidity: How quickly an investment can be converted to cash

Principal: The original amount of money invested

Rate of Return: Percentage gain or loss on an investment

Compound Interest: Interest earned on both principal and accumulated interest

Inflation: The gradual increase in prices that reduces purchasing power

Asset Allocation: Division of investments among different asset classes

Time Horizon: Length of time before you need access to your money

Key Takeaway: The Rule of 100

A simple guideline for asset allocation: subtract your age from 100 to get the percentage you might invest in stocks. For example, at age 20, you might invest 80% in stocks and 20% in bonds/cash. At age 60, you might invest 40% in stocks and 60% in bonds/cash. This is just a starting point - your actual allocation should consider your risk tolerance, goals, and financial situation. Always remember: longer time horizons can tolerate more risk because you have more time to recover from market downturns.