

## **Different Types of Savings Accounts**

Opening a savings account is the easiest way for people to save and earn money at the same time. It is the simplest form of investment. The following section goes through the different types of savings accounts available so you can decide which one is most suitable for you.<sup>139</sup>

### **Regular Savings Accounts:**

Regular savings accounts are great for people who plan to make monthly deposits and earn a small amount of interest at the same time. These accounts offer the greatest freedom to control your account and make as many withdrawals as you need.

<b>Benefits:</b>	<b>Shortfalls:</b>
<ul style="list-style-type: none"><li>• Easy to access</li><li>• Has low or no minimum balance</li><li>• No limits in making withdrawals</li><li>• No withdrawal charges</li></ul>	<ul style="list-style-type: none"><li>• Low interest rates</li><li>• Interest rates change with the market</li></ul>

### **Certificate of Deposit (CD) :**

Also known as “time deposits,” CDs offer the highest interest rates among saving accounts. By putting your savings in a CD for a predetermined time (anywhere from 6 months to 5 years), your money accumulates interest. Charges are applied when withdrawals are made before maturity of the account. This option is great for long-term saving but not if you need to access your savings account often to withdraw or transfer money.

<b>Benefits:</b>	<b>Shortfalls:</b>
<ul style="list-style-type: none"><li>• Offers the highest interest rates</li><li>• Fixed interest rates</li></ul>	<ul style="list-style-type: none"><li>• Charges apply when withdrawals are made preterm</li><li>• Withdrawals made preterm are made with notices ahead of time</li></ul>

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<sup>139</sup> Original material from Peerlink National Technical Assistance Center.

### **Money Market Accounts:**

Money market accounts are interest-bearing savings accounts offered by traditional and online banks and credit unions. They generally offer higher interest rates than regular savings accounts but come with more restrictions.<sup>140</sup>

<b>Benefits:</b>	<b>Shortfalls:</b>
<ul style="list-style-type: none"><li>• Higher interest rates</li><li>• Easy to access</li><li>• No withdrawal charges above maintaining your balance</li><li>• Check writing and debit card options</li></ul>	<ul style="list-style-type: none"><li>• High maintaining balance and fees if your balance drops below it</li><li>• Limited transactions</li><li>• Limited check releases</li><li>• Interest rates fluctuate with the market</li></ul>

### **ABLE Accounts**

**Achieving a Better Life Experience (ABLE)** accounts are tax-exempt savings accounts for individuals with disabilities and their families. ABLE accounts make it possible for individuals with disabilities to save for the future without affecting their benefits.

Many individuals with disabilities and their families are enrolled in a variety of public benefit programs to assist with income, food, housing, and health care. To be eligible for these benefits, an individual must be, and remain, poor. ABLE accounts recognize the extra, significant costs of living with a disability (such as finding accessible housing and transportation or raising a child with disabilities). As such, individuals and their families who qualify can establish an ABLE savings account that will not affect their eligibility for public assistance like SSI and Medicaid.<sup>141</sup>

If you have a qualifying disability that began before you turned 26, you may be eligible for an ABLE savings account. To determine eligibility and open an account in Oregon, visit: <https://www.oregonablesavings.com/> and to learn more about ABLE accounts, visit: <https://www.ablenrc.org/>

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<sup>140</sup> Jim Probasco. "Money Market Account." *Investopedia*, March 23, 2021.

<https://www.investopedia.com/terms/m/moneymarketaccount.asp>

<sup>141</sup> "About ABLE Accounts." *ABLE National Resource Center*, 2021. <https://www.ablenrc.org/what-is-able/what-are-able-accounts/>