

## **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.