



**Where Should I Park
My Emergency Fund?**

Money Markets and Saving Accounts are usually the first place where people keep their Emergency Funds.

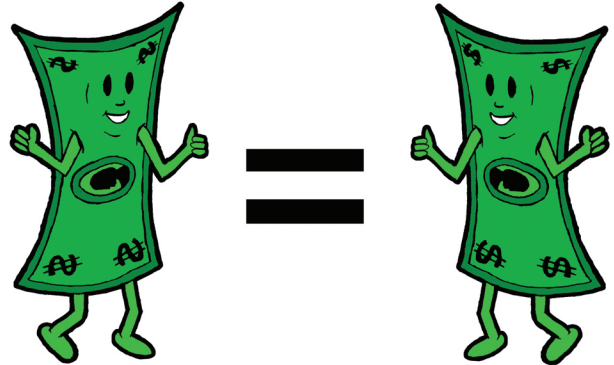
But Savings Account rates are so low. Is it the best place for my money? And, what are Money Markets?



Savings account rates are low right now!

Keep in mind that while you'd like to earn money on all your savings, the sole purpose of an Emergency Fund is to keep your cash safe and available whenever there is an emergency!

It is MORE IMPORTANT to preserve the MONEY in your Emergency Fund, than to earn interest on it. This can be a difficult strategy to accept, but it's an important one!



There are a few different types of Money Markets, so it's important to know the difference!

First, let's understand the two types of Money Markets.



MONEY MARKET
FUND



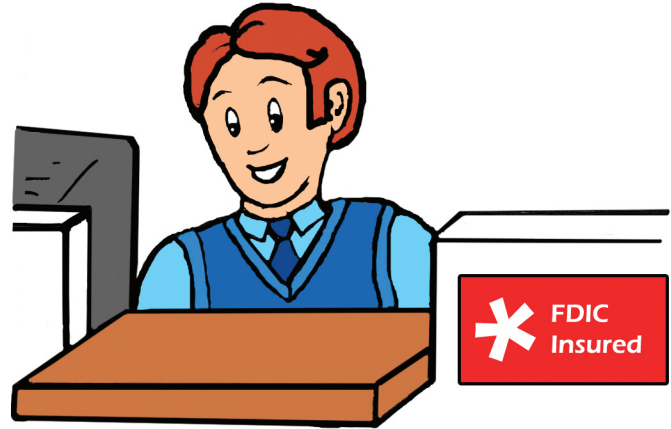
MONEY MARKET
ACCOUNT

Money Market ACCOUNTS
are:

- Offered by banks and other financial institutions
- Earns Interest in a similar way to Savings Accounts
- Are FDIC insured



FDIC insured means that your account is federally guaranteed. If your bank were to go bankrupt, the federal government will reimburse up to \$250,000 of your money.

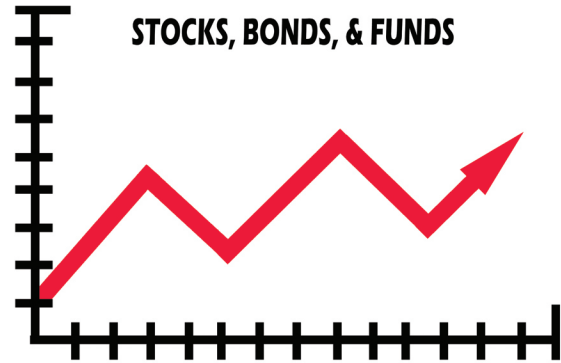


Money Market FUNDS are:

- Offered by mutual funds, brokerage firms and banks
- Money Market Funds are typically held with other investments you may own such as stock or bond funds.



The Money Market **Fund** is actually an Investment, as opposed to a savings-type account.



Money Market Funds
invest and earn a Dividend,
rather than interest.
They distribute these
dividends to those who have
their money in the fund.



Earns Dividend

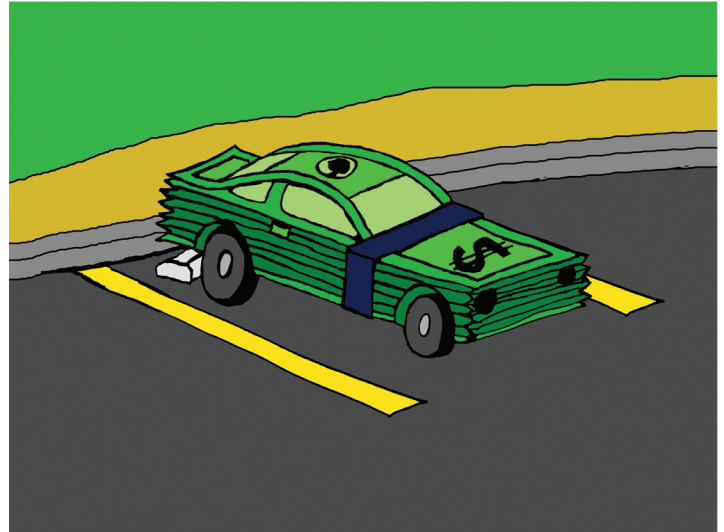


Earns Interest

Many people park their money in a Money Market Fund.

This is good for investors because the money is easily accessible and can be transferred to and from other investment accounts.

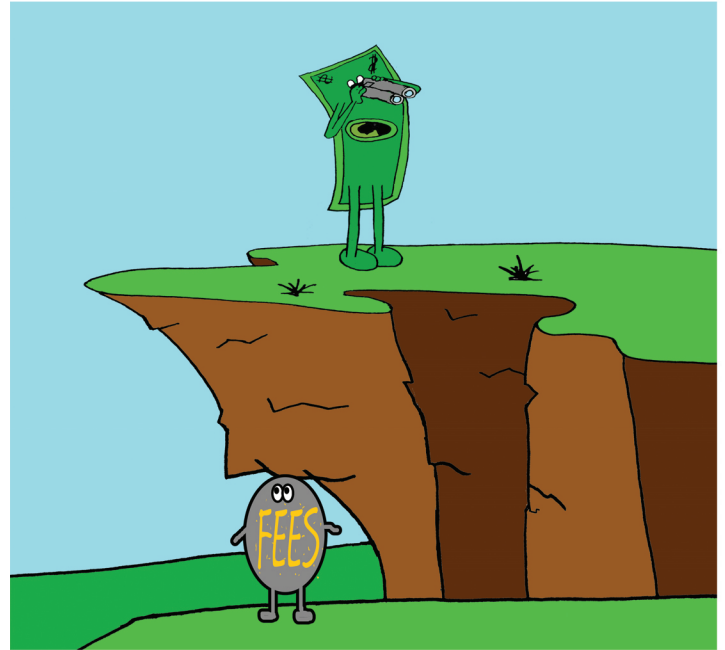
**But a Money Market Fund is not a good choice for an Emergency Fund!
Let's see why.**



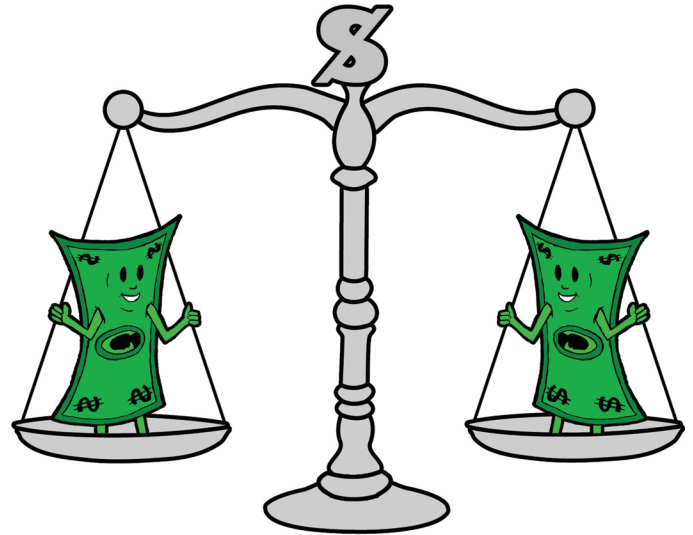
**A Money Market Fund
is really an Investment.**

**Money Market Funds often
have management fees
charged by the fund.**

**These fees eat away at the
small dividends your money
earns. Why pay money to
have your cash held by
a Money Market Fund?**



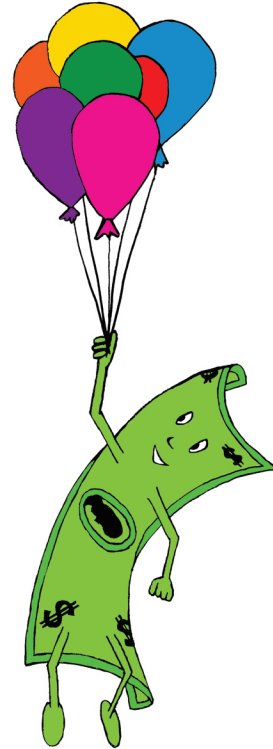
**Investments, like stocks
may go up or down, but the
Money Market Fund
usually keeps a steady value.**



But could it go up & down?

Yes! Money Market Funds can “Float.” The value could go up or down based on the way the fund invests your money.

That means that \$1 could be \$1.05 when you want to withdraw it, or ...



...it could be .97 cents!

**Money Market Fund dollars
can fluctuate, or “Float”
up or down in value.**

It’s rare, but it can happen!



What do I do now?



Money Market Accounts do not “Float” and are not subject to management fees.

A Money Market Account or a Savings Account is generally the best and safest choice for your Emergency Fund.

Contact your bank or financial advisor to find out if this is the right move for you and your Emergency Fund.



**Are you a saver?
Check next weeks blog to get very
important insite into
“The Saver!”**

**Please send comments/questions to:
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