

Chapter 30 Savings Accounts

Section 30.2 Types of Savings Accounts

Section Summary with Key Terms and Academic Vocabulary

Types of Savings Accounts Banks, savings and loans, and other financial institutions offer several types of savings accounts. Regular savings accounts, certificates of deposit, and money market funds are the major types of savings accounts. Some financial institutions have their own form of money market fund called a money market deposit account. Savings accounts earn interest, are usually secure, and have high liquidity. However, they can also cost money in fees and taxes, and generally carry a low return that may not keep up with inflation.

Key Terms _____

regular savings account A savings account that allows consumers to deposit or withdraw money at any time and to earn interest on deposited funds

certificate of deposit (CD) Type of savings account that requires a specified amount of money be deposited for a set period of time

maturity date The date when the money deposited into a certificate of deposit becomes available to the depositor

money market fund A type of mutual fund, or pool of money, put into a variety of short-term debt (less than one year) by businesses and governments

money market deposit account A form of money market fund offered by banks, savings and loans, and credit unions

liquidity The ability to quickly turn an investment into cash

inflation risk Risk that the rate of inflation will increase more than the rate of interest on savings

Academic Vocabulary _____

institution An established organization or corporation

set Put into a position

duration Time during which something exists or lasts

mutual Shared in common