



# WHAT YOU SHOULD KNOW ABOUT YOUR CD'S

**Protect yourself by knowing the facts**



In order to manage the economy's unpredictability of the last few years, many people have sought out a stable means of protecting their retirement savings. Many have turned to CDs (Certificate of Deposit) because of the appearance of a reliable rate of growth. Unfortunately, with CDs becoming more and more commonplace, they are also more susceptible to targeting from dishonest businesses or scammers, especially when done online. If you don't yet have experience with obtaining a CD, you need to make sure you're educated about what exactly the fine print means and what it does to your money. Without this information, you could find you've lost access to your money even when it's not really working for you.

Read on to learn some important tips to protect you and your retirement nest egg.

### **YOUR CD HAS A DATE OF MATURITY. DO YOU KNOW WHAT THAT IS?**

The date of maturity is when your money is paid back to you. The banks are able to provide a higher interest rate because they will have control over your money for 10 or 20 years. During this time, you will have no access to it without being subject to large fees charged for withdrawing your money early.

### **IS IT A TWO-WAY STREET?**

Your CD may have a noncallable date. This is not the same as the date of termination. With a noncallable date, your bank retains the right to "call" your CD. This means they can return your money and back out of the contract, but not before the noncallable date. You, however, don't have the same freedom. You are still bound by the contract terms for the entirety of the contract.

### **WATCH OUT AS THE DATE OF MATURITY NEARS!**

Make sure to check with your bank to find out when they will notify you of your maturity deadline. There are a number of banks who will send out notices only 1-2 weeks before the date of maturity. Why is this important? If you don't explicitly instruct your bank as to what you want them to do with your money, they may automatically renew your plan. You will then again lose access to your money for the length of the new contract. You will typically have 7-9 days to make changes to your agreement, but after that time, your plan could still be locked into place. It's very important for you to know exactly when your CD will mature.

### **WHAT HAPPENS TO YOUR MONEY THEN?**

Be sure to know exactly where your money will be going when the bank gives you back your money. You'll also want to get the details on your interest payments: how much they'll be, how they'll be paid to you, etc. Don't sign anything until you know these details and don't forget to find out if your payment includes the compounded interest.

If there are any other questions, please ask!



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