Saving vs Investing

Savings are for emergencies and near-term expenditures. Investments, on the other hand, are designed for a longer timeframe, and must be given room to grow.

**Saving**
- Emergencies and near-term needs
- Liquid, able to redeem when needed with no reduction
- Safe, little to no risk of loss
- Stability, little to no fluctuation in value
- Bank savings accounts, CDs, money management accounts, US savings bonds, fixed annuities

**Investing**
- Longer time-frames
- Potential for growth of principal
- Potential for loss, fluctuation in value
- Stocks, bonds, mutual funds, real estate, variable life and variable annuities, fixed annuities

Investment Goals

You can break your investment goals into three or more time frames: short term, medium term, and long term.

**Short Term**
- Down payment on a house

**Mid Term**
- Pay for college
- Pay for a child’s wedding

**Long Term**
- Provide for retirement years
Types of Accounts

When thinking about where to put your money, consider the pros and cons of taxable and tax deferred accounts.

**Taxable**
- Activity shows up on tax return
- Interest, Dividends, Capital Gains
- Can claim a capital loss
- Tax-Free income has no impact on taxes
- Types of taxable accounts: individual or joint account, custodial accounts (for minors), trust accounts

**Tax-Deferred**
- Regardless of activity, is not reflected on tax return
- No claiming capital loss
- Types of tax-deferred accounts: retirement plans (401k, 403b, 457, TSP), IRA (traditional, rollover, Roth), 529 (college savings), annuities (retirement), life insurance (death benefit, estate & business), health savings account (medical)

Diversification

So, you want to start investing! But, what should you invest in? You want to ensure that you diversify your portfolio. You want a portfolio made up of both risky and less risky investments, and you should invest in multiple asset classes. These include stocks, bonds, cash, real estate and commodities, among others.

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