

Personal Management - Requirement 5

Explain to your merit badge counselor what the following investments are and how each works:

a - Common stocks

- Common stock is a _____ that represents ownership in a _____. Holders of common stock elect the board of _____ and vote on corporate _____.

b - Mutual funds

- A mutual fund is a company that _____ money from many _____ and invests the money in securities such as _____, _____, and short-term _____. The combined holdings of the mutual fund are known as its _____. Each share represents an investor's part ownership in the fund and the _____ it generates.

c - Life insurance

- Life insurance is a _____ in which an insurer, in exchange for a _____, guarantees payment to an insured's beneficiaries when the insured _____.
- _____ life insurance is the most basic and affordable. You purchase it for a term, such as a _____. Usually it _____ automatically. But if you do not renew, the policy _____.

- _____ life insurance is a type of _____ insurance. It is _____ expensive. The premiums accumulate _____. You can often _____ against the value or cash it in for its current value, although cashing it in will _____ the coverage.

d - A certificate of deposit (CD)

- A CD is an _____ deposit which pays a fixed or variable income over a period of time, such as _____ years. The interest _____ is a little better than a _____ account, especially if you leave the money in _____. There may be a _____ if you take the money out too early.

e - A savings account

- A savings account is an _____ account at a banking institution. These usually have the _____ interest rates. But the money is _____ from loss and theft, and you can _____ it at any time.

f - A U.S. savings bond

- A U.S. savings bond is a _____ bond offered to its citizens to help _____ federal spending, and which provides savers with a guaranteed, although _____ return on investment.