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 co	mpany thatmoney 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 owi	nership 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.
- /	N 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.

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