

Unit Five:

Other Investments



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Investing outside of the Stock Market

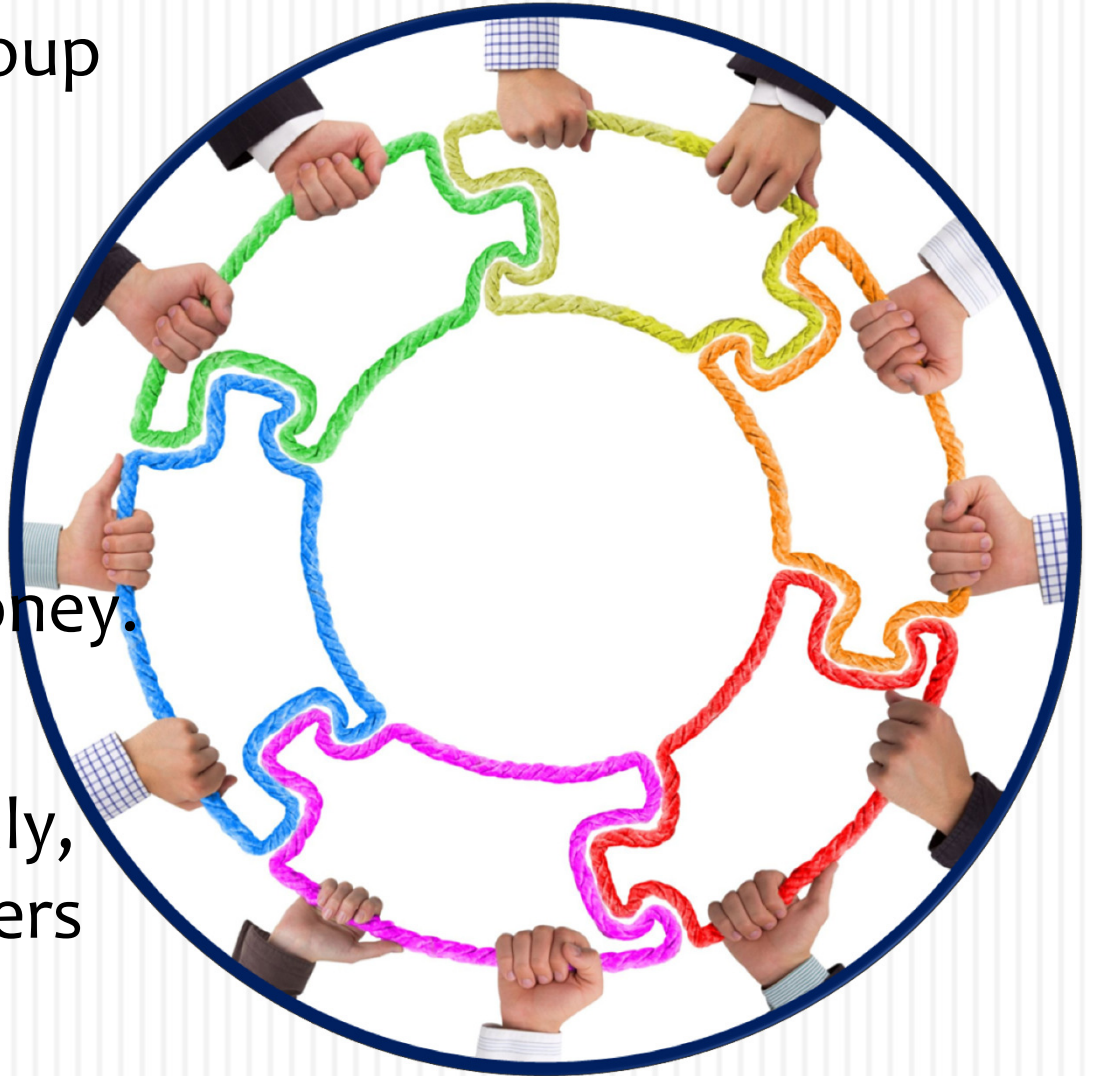
Even though the stock market is the most popular place to invest, there are plenty of other ways to invest money.



Mutual Funds

A **mutual fund** is a group of stocks and bonds. An investment buys shares for many different companies in order to offset your risk of losing money.

If one stock does badly, you still have the others to profit from.



Investment Retirement Accounts

An Investment Retirement Account (or **IRA**) is a special savings account used to create a retirement fund.

You may not need this right away, but eventually you will want something like this to prepare for life during retirement.

IRAs have special tax breaks that save investors money. The only downside is that they do not help your money grow quickly.



Certificates of Deposit

A certificate of deposit (or **CD**) is a savings account that you cannot get into for a certain period of time. This offers higher interest than a regular savings account, but you can't withdraw your money for many months or years. You choose how long your money stays locked up.



Real Estate

In some parts of the country, investing in **real estate** can be a sound investment strategy.

- Buy a house to sell later on. (Value)
- Buy a home to improve and then sell. (Speculate)
- Buy a home to rent out to other people. (Landlord)



Commodities

Commodities are things that people need to survive, like gold (for money), silver, farm goods (pork bellies), etc.

Investing in commodities is usually a safe investment because they always have some demand.

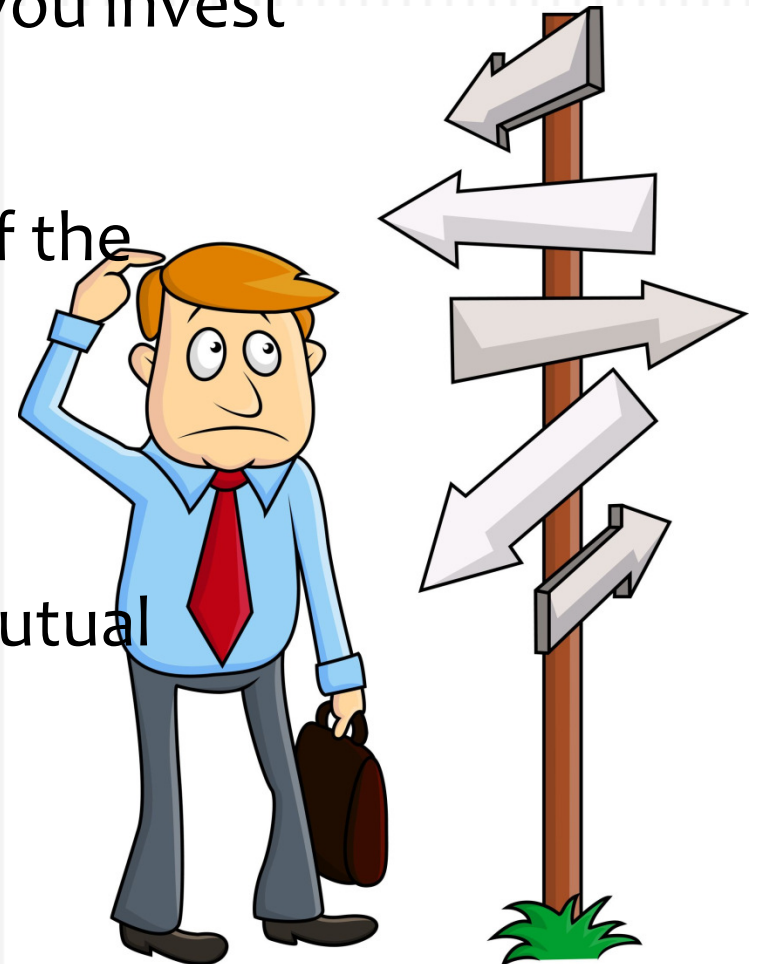


The downside is that they don't tend to grow very quickly. They increase at a slow pace.

What should you invest in?

Where you choose to put your money is *totally up to you*. However, the people who help you invest (investment advisors) typically say to have multiple investments in your “**portfolio**.” That’s the name for all of the investments you have.

It’s a good strategy to put some money into safer investments, like mutual funds. Then you can put whatever you have left into risky stocks, real estate, and more.



Take action!

Why not give this a try? Ask your parents to put your allowance into a savings account to make an investment at some given time.

This time next year, ask your parents how much money you have in the account. You might be surprised by how rich you are!

Always remember to keep investing fun. Good luck!

