

# MANAGING YOUR FINANCES



## CDs—Music To Your Ears...And Savings!

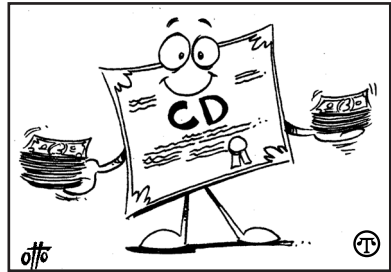
(NAPSA)—In an unsteady economy, Certificates of Deposit (CDs) are gaining appreciation among investors for offering a reliable return without market risk of losing principal.

### What is a CD?

CDs are savings vehicles offered through banks that pay a fixed rate of return on your principal for a specified period of time, such as 30 days or five years. Interest payments are compounded daily, weekly or monthly, depending on the terms of the CD, and then credited to the account. Your rate is locked in for whatever term you've purchased, and won't change regardless of what's happening in the marketplace. And unlike stocks or mutual funds, the money invested in a CD is insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$100,000 per account. Sometimes a minimum opening balance is required to open a CD.

### A CD might be good for you ...

If you're a conservative investor, CDs offer a guaranteed rate of return and are a good, low-risk savings choice. CDs also may be a viable option for people looking for a place to hold their money for a shorter period of time. If you plan to buy a home or car in five years, a CD may provide a better rate than a standard savings or money market account. Because there may be a penalty for early withdrawals from a CD, be sure to have cash on hand to cover small emergencies in an account that allows you to withdraw without fees.



**Saving money in a CD can help make your financial future more harmonious.**

### Working CDs into your portfolio

Although the stock market may yield bigger gains than CDs when the market is looking up, you risk losing principal if your fund or stock goes down in value. Adding CDs to your savings portfolio can help provide some cushion during market downturns, when equity investments may not be performing as well.

You may want to consider "laddering" your CDs to make the most of your money as the market fluctuates. For example, you can divide some money among five CDs with durations from six months to five years. If interest rates go up, the money in the shorter-term CDs will soon be available to re-invest at a higher rate. However, if interest rates go down, the money in the longer-term CDs will keep growing at a higher rate than what's currently being offered.

For more general information on individual savings solutions and product disclosures, visit [www.allstate.com](http://www.allstate.com) or [www.Allstatebank.com](http://www.Allstatebank.com).