

Name _____

Unlocking the Secrets of Certificates of Deposit (CDs)

Open-Ended Response Questions

1. Imagine you have \$1,000 that you don't need for the next three years. Would you consider putting it in a CD, a regular savings account, or investing it in the stock market? Explain your choice.
2. Discuss the importance of risk tolerance when deciding between different types of investments, including CDs.
3. Explain the concept of inflation risk and why it's a consideration when investing in Certificates of Deposit.
4. Suppose you have \$5,000 saved for a down payment on a car you plan to buy in two years. How would you decide whether to put it in a CD or another savings account? What factors would influence your decision?

