Hi everyone, Jerry Manor here. This week on SeaComm Money Matters, Financial terms everyone should know part 2. Last week we talks about terms related to loans and interest, today terms related to Financial Institutions.

Let's start with savings accounts. Basically, a saving account is designed to store money for future needs. At a credit union your basic savings account is called a share account. At SeaComm the share account establishes your membership and allows access to other services. $5 is required to open the share account and you must maintain at least $5 to keep your membership open. With many savings accounts there is a limit on the number of withdrawls or transfers allowed per month.

Besides the basic share or savings account, a money market account (MMA) is a type of interest-bearing deposit account that offers a combination of savings and checking account features. MMAs are available at banks and credit unions, and they can be a good option for people who want to save for short-term goals while still having access to their money. MMAs typically pay higher interest rates than savings or share accounts and can be a good way to save for emergencies, large purchases, or vacations. However, they may have some minimum deposit requirements, withdrawal restrictions, and lower yields than another type of savings account called a certificate of deposit or CD. In a credit union it's called a Share Certificate. A CD is a type of deposit account that pays a fixed interest rate for a set period of time, called the term. The term can range from a few months to several years. In exchange for agreeing to leave your money in the account for the term, you're guaranteed your initial deposit and a higher interest rate than other types of accounts, such as savings or money market accounts. However, you may incur a penalty if you withdraw funds before the term is complete. This penalty could reduce your earnings and be deducted from any interest earned, and then principal if necessary.

Assuming your account is at an FDIC insured bank or Federal Credit union insured by the NCUA, these types of savings accounts are insured up to $250 thousand dollars.

A money market mutual fund is a type of account offered by brokerage companies and some banks that are not guaranteed by FDIC or NCUA. They are considered low risk but you can lose money in them.

Now another term, checking account or share draft account as they are known at a credit union. Your checking account is your transactional account that allows you to deposit money, withdraw funds, and make purchases using checks, debit cards, or electronic transfers. Checking accounts offer easy access to your funds, making them ideal for everyday transactions such as paying bills, shopping, and withdrawing cash from ATMs. Unlike savings accounts, checking accounts typically have no restrictions on the number of transactions you can make per month.

Up next, IRA, An individual retirement account (IRA) is a long-term, tax-advantaged savings account that individuals with earned income can use to save for the future. With a Traditional IRA, the amount deposited is deducted from taxable income and tax is not paid until withdrawal. There are contribution limitations and a 10% penalty should you withdraw funds before age 59 ½. A Roth IRA is similar except you fund it with after tax dollars, but as the account grows, you do not face any taxes on investment gains. Because you paid taxes on your contributions, you can actually withdraw them, penalty-free, at any time; however, you cannot withdraw earnings until age 59½ without being subject to the 10% early-withdrawal penalty. A SEP-IRA is for small business employers and function similarly to traditional IRAs, but may have higher contribution limits and may allow for company matching.

Next week, financial terms part 3.

Thanks for listening, have a great weekend!