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Every Friday!

HIGH-YIELD SAVINGS ACCOUNTS (HYSA)

Essential Facts at a Glance

WHAT IS A HYSA?

A savings account offered by a bank or credit union and marketed for a competitive APY. "High-yield" has no standard minimum or guaranteed return.



Still savings,
not a stock-market
investment.

INTEREST RATE vs. APY

INTEREST RATE

The base annual percentage used to calculate interest.

APY

(Annual Percentage Yield)

The annual rate including compounding. Compare APY when shopping.

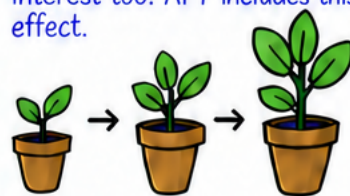
Hypothetical one-year example

\$5,000: 0.4% APY = \$20; 4% APY = \$200.
\$180 more interest over one year.

Assumes unchanged APYs, interest retained and no other transactions. Before fees and taxes.

THE POWER OF COMPOUNDING

Retained interest can earn interest too. APY includes this effect.



Compounding and crediting can follow different schedules. Check both in the account terms.

KEY THINGS TO KNOW



Variable APYs

APYs can change. Promotions may end.



Fees and Conditions

Check fees, minimums, balance tiers and qualifying activities.



Plan for Access

Check transfer timing and account limits. No federal six-transfer cap.



Interest Is Generally Taxable

Report it even without a 1099-INT. Forms generally start at \$10.



Compare Options

Check APYs and account disclosures.

HOW YOUR MONEY IS PROTECTED



Banks (FDIC)

Standard coverage: \$250,000 per depositor, per insured bank, per ownership category.



Credit Unions (NCUA)

Standard coverage: \$250,000 per member, per federally insured credit union, per ownership category.

Ownership categories include individual and joint. Same-category accounts at one institution share a limit, even across branches.

HYSA vs. STOCKS KEY DIFFERENCES

HYSA

(Savings Account)



- Earns interest*
- APY can change
- No stock-price swings
- Eligible deposits insured within coverage limits
- For near-term savings

STOCKS

(Investment)



- Potential for higher returns
- Can lose value
- Not FDIC or NCUA insured
- Market fluctuations
- Long-term investing

*Credit unions commonly pay dividends, generally taxed as interest.

COMMON USES



Emergency funds



Short-term goals (e.g., a vacation or home expense)



Near-term education costs



Keeping cash accessible while earning interest

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