

Savings vs. Investing

Savings is the portion of current income not spent on consumption.

Investing is the purchase of assets with the goal of increasing future income.

Risk

-The chance that the value of an investment will decrease.

Return

-The profit or yield from an investment.

Liquidity

-The ability of an investment to be converted into cash quickly without loss of value.

The Higher the RISK, The Higher the RETURN
The Lower the RISK, The Lower the RETURN

How does risk, return, and liquidity relate?

•Savings -Low risk -Low return -High liquidity	•Investments -High risk -High return -Low liquidity
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