

MONEY MARKET INSTRUMENTS

	U.S. Treasury Bills	Agency Discount Notes	Money Market Mutual Funds	Commercial Paper	Certificates of Deposit	Variable Rate Demand Notes (VRDNs)
General Description	Short-term debt obligation issued by and backed by the "full faith and credit" of the U.S. Government. Issued and trade at a discount from par (rather than fixed interest payments).	Short-term debt obligation issued by Government-Sponsored Entities (GSEs). Issued and trade at a discount from par. GSEs include Federal Home Loan Mortgage Corp., Federal National Mortgage Assoc., Federal Home Loan Bank and Federal Farm Credit.	A mutual fund that invests in short-term, highly liquid securities. There are a wide variety of Mutual Fund Companies that offer a diverse set of funds, including both taxable and tax exempt.	Unsecured, short-term debt obligation issued by a corporation. Usually issued at a discount from par, reflecting prevailing market interest rates and credit rating of corporation.	Promissory note generally issued by a commercial bank or financial institution. It is a time deposit with a fixed maturity date and a specified interest rate, and it can be issued in any denomination.	Short-term instrument backed by a letter of credit (most common), stand-by facility or self liquidity. The majority of these floating rate notes are repriced on a weekly basis.
Underlying Credit	Backed by "full faith and credit" of U.S. Government.	Issuing Agency	Investor owns a percentage share of the underlying securities in the fund.	Obligation of issuing corporation.	Up to \$250,000: Insured by FDIC. Over \$250,000: Issuing institution.	May be backed by letter of credit, stand-by facility or self liquidity. Underlying credit of the issuer.
Maturity Range	1-365 Days	1-365 Days	Daily Liquidity	5-270 Days	7 Days-10 Years	Short-term instrument due to put feature that coincides with the timing of the rate reset (e.g., 7-day put feature for weekly reset). Longer term final maturity.
Interest Payments	At Maturity	At Maturity	Monthly	At Maturity	Up to one year: At Maturity Over one year: Semi-Annually	Interest paid monthly, quarterly or when put is exercised.
Benefits/Advantages	Considered risk free due to U.S. Government guarantee. Interest income is exempt from state and local income taxes. Can be held to maturity or sold in the secondary market. Active and liquid secondary market.	Little risk if held to maturity. Active and liquid secondary market.	Professionally managed mutual funds regulated by the SEC. Daily liquidity. Variety of Fund types. Funds comprise short-term securities (less than one year).	Usually offer a higher interest rate than U.S. Treasury and Agency securities. Most issuers are assigned a credit rating by Moody's and S&P to help guide investors.	Insured by FDIC up to \$250,000. Wide range of credits and maturities available to investors.	Liquid short-term investments that offer competitive rates of return. Investors can put bonds back at any time with a notice period (e.g., 7-day put notice for weekly resets). Both tax-exempt and taxable notes available.
Disadvantages	Principal value may fluctuate if sold prior to stated maturity. (Price declines when rates rise; price increases when rates fall.)	Government-sponsored agency securities are not guaranteed by the U.S. Government. Principal value may fluctuate if sold prior to stated maturity.	Within the Prime Fund category, there is exposure to credit risk that may result in a temporary suspension of the daily liquidity option. Funds seek a stable \$1.00 NAV but that is not guaranteed and funds could lose value.	Principal value may fluctuate if sold prior to stated maturity. Investors in Commercial Paper (CP) are exposed to credit risk. CP is unsecured and relies solely on the financial strength of the issuer.	Principal value may fluctuate if sold prior to stated maturity. Investors in Certificates of Deposit are exposed to the credit risk of issuing bank/ financial institution.	Liquidity coincides with rate reset schedule. Most VRDN investments have the ability to be put back on a weekly basis, but some reset daily or monthly.



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