

What To Do When Your Cd Matures

You have several choices about what to do with your maturing Certificate of Deposit (CD), and what you choose depends on a number of factors. Whether you are looking to reinvest or you have reached your savings goal, it's best to be proactive.

Anna Gomez, Branch Manager

The following are some of the options available when your CD matures:

Renew your CD

Typically, CDs are set to renew at maturity, meaning the funds of the maturing CD are deposited into a new CD with the same term. For example, if your six-month CD is maturing, your bank will put the money into another six-month CD. Although the term of the new CD remains the same, the interest rate could change since rates may have adjusted since your original CD was opened.

If you end up putting the money into another CD with the same term (or simply allow your bank to do it for you), make sure it's a conscious decision—not a default option.

Change the term of your CD

While you may be interested in keeping your funds in a CD, it's important to evaluate your financial goals and your current financial position when your CD matures. When you originally bought the CD, you may have been saving for a major purchase or had extra funds to invest, but circumstances change.

If you don't plan to use the money soon, you can often get a higher rate by choosing a longer-term CD. Just be sure you won't need to access that cash. Having a separate emergency fund can help quell any fears since you won't be as tempted to dip into your CD.

However, locking up your funds for a longer period might not be the best strategy for your current circumstances. If you think rates will increase in the near future, it might be better to stick with shorter-term CDs to avoid being locked in at a lower rate. Likewise, placing your funds in a short-term CD allows you to access your money at an earlier date while still enjoying a higher interest rate.

Move the money to a checking account

Your money has been locked up in a CD for some time, and now it's free. If you like how that feels, consider moving your funds into a checking account. You'll likely earn less interest, but that might be a price you're willing to pay if you really need liquidity.

CDs pay more than a checking account, but they don't provide the flexibility or convenience. Whether you want to simplify paying monthly bills and everyday purchases, or you're looking to earn interest while maintaining liquidity, a checking account could be a convenient way to

manage your money.

Pay off high-interest debt

If you have high-interest loans or credit card debt, you might be better off eliminating the debt than renewing your CD. It may not make sense to roll over a CD if you have debt costing a higher rate of interest than the CD will earn. Use the funds to pay off credit cards or other high-priority payments such as your mortgage, auto expenses, or healthcare costs.

Money that works for you

When your CD matures, you've got options. Evaluating your finances and deciding the best plan of action for accomplishing your goals can be difficult. Having an experienced financial expert on your side can help.

If you have questions about managing your finances and saving for the future, call a PlainsCapital representative at 866.762.8392 today.